

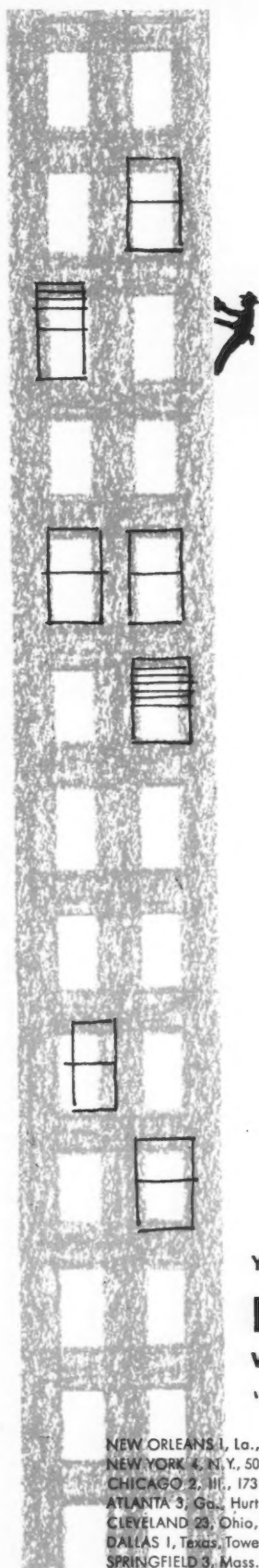
What Bank Directors Can Do (page 43)

BANKING

SENATORIAL
COUNDTABLE
pages 3, 35)

MARCH 1931





**His safety belt is
standard equipment**

No matter how experienced and "professional" a window-washer may be, he always wears his safety belt—and keeps it securely fastened.

And—no matter how sound an unsecured

bank loan may appear—it can be made safer when it's backed by actual inventory of the borrower, field warehoused by Douglas-Guardian.

Our procedure for handling loans on merchandise is simple, efficient and practical. The bank has no extra work to do. We itemize and segregate the inventory—*right on the borrower's premises*. We issue field warehouse receipts which the bank keeps in its vault. The customer's inventory stays right where it is and he gets the extra cash he needs to carry on his business.

For complete information—write, phone or visit our nearest office.

YOU MAKE THE LOANS—WE'LL MAKE THEM SAFE

DOUGLAS-GUARDIAN
WAREHOUSE CORPORATION



"THE BANKERS' FIELD WAREHOUSE COMPANY"

NEW ORLEANS 1, La., 118 North Front St.
NEW YORK 4, N.Y., 50 Broad St.
CHICAGO 2, Ill., 173 W. Madison St.
ATLANTA 3, Ga., Hurt Bldg.
CLEVELAND 23, Ohio, 398 E. 232 St.
DALLAS 1, Texas, Tower Petroleum Bldg.
SPRINGFIELD 3, Mass., 172 Chestnut St.

LOS ANGELES 14, Calif., Garfield Bldg.
MEMPHIS 3, Tenn., Porter Bldg.
PHILADELPHIA 2, Pa., Girard Trust Bldg.
PORTLAND 4, Ore., U.S. Nat'l Bank Bldg.
ROCHESTER 4, N.Y., Commerce Bldg.
SAN FRANCISCO 4, Calif., 300 Montgomery St.

SPRINGFIELD, Mo., McDaniels Bldg.
TAMPA 2, Fla., 416 Tampa St.
HARTFORD, Conn., 149 Woodland St.
MIAMI 37, Fla., 3582 N.W. 46th St.
DETROIT, Mich., Penobscot Bldg.
MARION, Ind., P.O. Box 742
GRAND RAPIDS, Mich., 1368 Walsh St., S.E.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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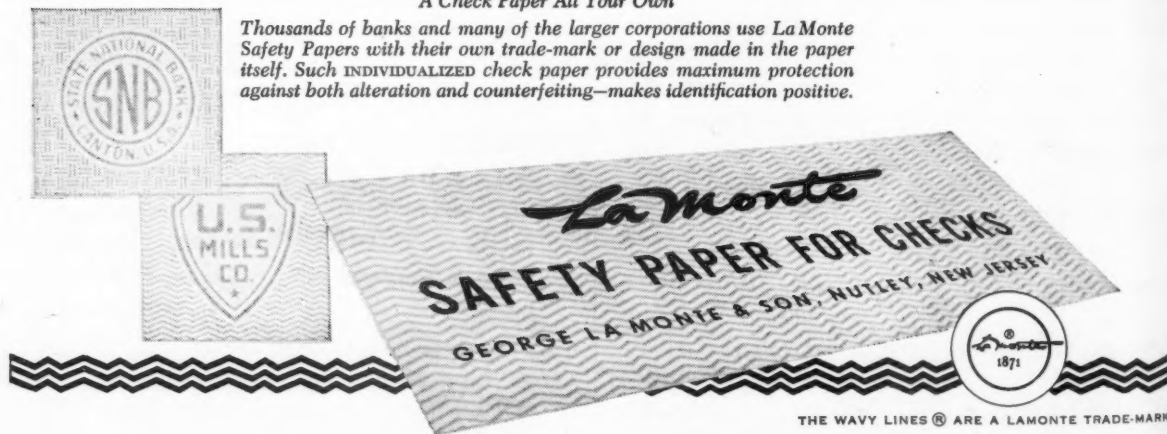


... sure glad we opened that checking account!

Filling out a personal income tax return is so much easier when one has a complete record of all expenditures. That's sound advice to your customer! * * * Making a good impression on your customer also is much more simple when the checks you furnish him are fully worthy of the standing and integrity of your bank. The protective features and quality of La Monte Safety Papers have served the best interests of a long roster of banks, both here and abroad for more than 80 years. Your lithographer can show you samples or we'll gladly send them on request.

A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting—makes identification positive.



THE WAVY LINES® ARE A LAMONTE TRADE-MARK

Just a Minute

"Best of the Best"

TEN banks' advertising campaigns entered in BANKING's 1952 Forum in Print are reviewed, somewhat fragmentarily because of space limitations, on the buff pages of this issue.

These are the entries which the board of judges selected for publication. The sponsoring banks, with 17 others, have received BANKING's Citation "for outstanding use of advertising methods during the past year"—an award that is gaining national recognition as a badge of honor.

Nearly 200 banks submitted their two best advertising ideas; thus the Citation winners may be called "best of the best."

All in all, it was quite a show. The diversity of material, wide range of media, originality, appeal, avoi-

dance of dullness, and pleasant merchandising of bank services demonstrated that today's bank advertising, like bank architecture, has indeed undergone historic change.

The Forum, held at the Advertising Club of New York for two days, attracted many visitors, some of whom came to get ideas that could be adapted to the uses of their own banks. One banker, after a quick survey of the panels and scrapbooks, exclaimed: "This is good! Two or three of the fellows at our shop ought to see this. I'm going back to get 'em!" And he did.

Several people traveled considerable distances to see the exhibits. But you need travel only to Page 49.

Don't Send Ashes!

THE voice on the telephone said: "This is the United States Treasury.

PAYING TELLER



"Customers probably do appreciate sympathy around March 15, but a simple *tsk, tsk* would be quite enough!"

We read that story, 'Dilapidated Dollars,' in your February issue and we've got our fingers crossed lest we start getting *ashes* from all over these United States."

BANKING quickly asked "How come?" and the Treasury explained.

Our story said: "Spend your money and it's gone. Burn it and

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

The Senate Banking and Currency Committee is shown in a "roundtable" session with representatives of Government agencies and private organizations concerned with housing and mortgage lending. Names of persons in the photo and a brief résumé of what the meeting accomplished appear on page 35



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The pulse of Canada

You can feel the pulse of Canada through our Monthly Commercial Letter, which will be sent to you regularly upon request.

With nearly 600 branches strategically located throughout Canada, we can provide authoritative economic information on the products, markets and opportunities of interest to U. S. business men.

These facilities are at the disposal of American Banks in behalf of their customers.

The Canadian Bank of Commerce

Head Office—Toronto

New York • San Francisco • Los Angeles
Seattle • Portland, Ore.



*Her shorthand is terrible...
but she types all her letters
on WESTON BOND*

Any letter looks better on WESTON BOND, a rag content paper. Made by Byron Weston Company, one of America's oldest and most famous papermaking

families. High in quality, low in cost, a favorite with all paper buyers and users. Made by Byron Weston Company, Dalton, Mass. Write for sample book. Address Dept. BA.

WESTON BOND Envelopes are made with GRIP-QUIK instant sealing flap gum

WESTON BOND

Made by the Makers of OLD HAMPSHIRE BOND, BYRON WESTON CO. LINEN RECORD
and a Complete Line of Papers for Business Records



Evans

"I don't really need this loan. It's just that I want someone to worry about me."

save the ashes, and you can get your money back from the Treasury in brand new bills. Just be sure to save the ashes."

It seems that instead of "ashes" we should have said "char." Charred money can be redeemed. Ash cannot.

So if a bill has an unfortunate but not fatal accident with fire, it can in most cases be redeemed at the Treasury's Currency Redemption Division in Washington. But if it's been reduced to ashes, you're just out of luck.

Incidentally, Christmas Club asked permission to reprint the story in its widely circulated monthly magazine. We suggested that the editor remove the ashes before sending the copy to the printer.

She Mistrusted Banks

It was an old, old story—one that's been printed so many times you'd think people would take heed. Unfortunately, they don't.

An elderly widow who told the New York police that she didn't trust banks reported the loss of \$32,800 in cash and jewelry in a midtown cafeteria. She had entrusted her treasure to a canvas bag which she left on a chair while she went to get a cashier's ticket. When she returned the bag was gone.

The woman said it contained 17 \$1,000 bills, a \$500 bill, three one-hundreds, and 20 pieces of jewelry worth \$15,000. (She also had \$7,500 in currency in her clothing.) She'd inherited the fortune, and had been

(CONTINUED ON PAGE 6)



Defense is on the lines!



"LONG DISTANCE, PLEASE!"

Seems that's what everyone is saying these days — in factories, offices, army camps and navy yards . . . on farms, in homes, in shipyards and arsenals.

For America is doing a big job in a hurry. To speed things up and get work done, the nation depends on Long Distance. So, it's "full speed ahead" for thousands of telephone men and women, too.

They're putting through four times as many Long Distance calls and twice

as many teletypewriter messages as in 1940. Millions of miles of Long Distance pathways have been added — in wires, in cables, and by radio-relay.

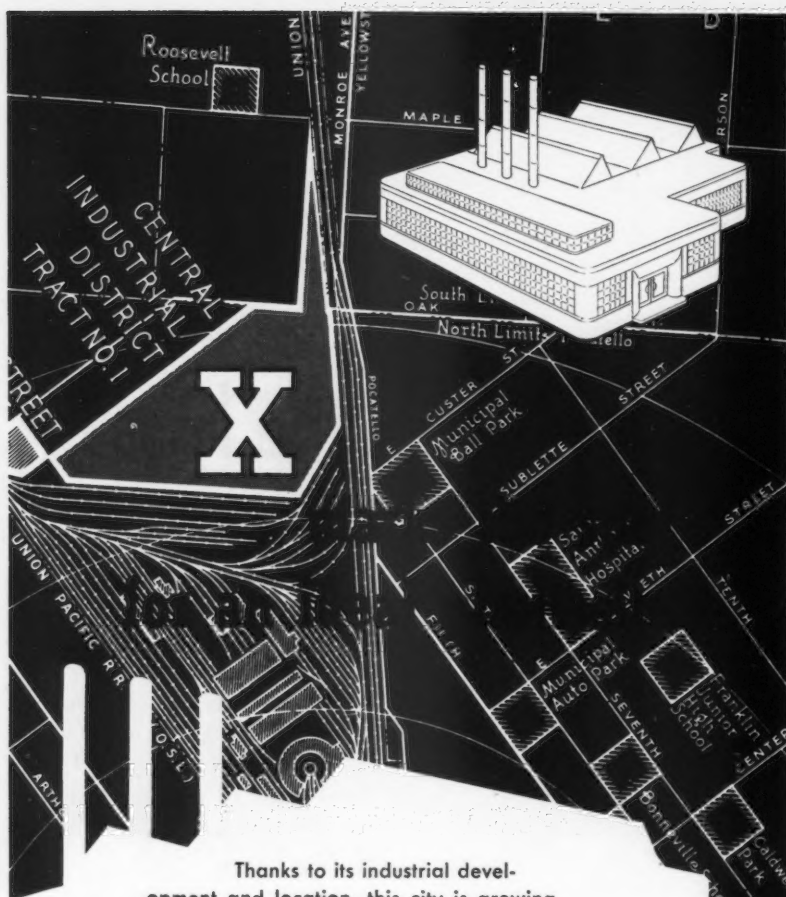
Even that is not enough. More of everything is being built as fast as we can get materials.

For America's defense is on the lines, and telephone people are getting the message through.

**YOUR LONG DISTANCE CALL
WILL GO THROUGH FASTER,
IF YOU CALL BY NUMBER.**



BELL TELEPHONE SYSTEM



Thanks to its industrial development and location, this city is growing steadily in importance and influence.

Labor is plentiful; hydro-electric power is available; coal, gas and fuel oils are abundant.

To some 30 churches of various denominations, add a splendid school system, a religious institute, business and parochial schools, a state college.

The community is known for its well kept homes and picturesque setting. It enjoys a healthful climate, has no seasonal extremes, is the shopping center for a large area.

A modern Union Pacific Terminal adequately meets the requirements of shippers. Because of its strategic location on this railroad, the city has become the gateway to a large segment of the nation.

This is one of a number of Union Pacific cities where many industries may find it distinctly to their advantage to locate. May we send you complete information? Address: Industrial Development Dept., Room 203, Union Pacific Railroad, Omaha 2, Nebraska.



UNION PACIFIC RAILROAD

(CONTINUED FROM PAGE 4)

carrying most of it with her since 1941 when she withdrew the money from banks in two midwestern cities. She still had about \$11,500 on deposit.

At last reports she was under a nurse's care in a New York hotel.

Funny Money

THE *Washington Sunday Star* had a feature, by JAMES G. DEANE, on what happened when the United States Secret Service found some of the \$3 bills printed by the editors of *Pennpix*, University of Pennsylvania's humor magazine.

The T-men called the collegians' attention to Title 18, Section 474 of the U. S. Code, which prohibits counterfeiting. The U.S.S.S. representatives informed the Pennsylvanians, says Mr. DEANE, that "you don't have to be larceny-minded to be a counterfeiter. If it looks like the real article, you're in the soup—and potentially in the pokey for as much as 15 years."

"The *Pennpix* editors aren't headed for the jailhouse," continued the story, "because they admitted their mistake and destroyed the tell-tale plates. Not that their money would fool a banker; it was headed with the university's name where the 'United States of America' is on real money. Its signers weren't Georgia Neese Clark and John W. Snyder; they were Willy Penn and Joe College. And the \$3 bill had the picture of University President

(CONTINUED ON PAGE 11)

"You keep sending invitations to re-open our account, so we thought we'd drop around to show you why you're wasting your postage"

SAVINGS DE



BANKING

ANOTHER FIRST
FOR
R. L. POLK & CO.

SOON ★ *the newest advance in
Bank Directories in 57 years!*

THE HORIZONTAL LOOK!

NEW

MARCH 1952 EDITION

846

ANDALUSIA (Co. Seat)—Pop. 9162

The Commercial Bank
Phone 428
Estab. 1933—State
Member FDIC ABA Ala. BA
Intep. BA
Par \$100—Div. 16%

Officers:
E. E. Anthony, Pres.
Hugh Morrow Jr., V.P.
J. B. Simmons, V.P.
H. G. Studstill Jr., Cash.
Tom E. Little, A.C.
Cnst: Albert Rankin

Correspondents:
Chemical B. & T. Co., N.Y.
Cont'l Ill. N.B. & T. Co., Chi.
First Nat. Bk. Atlanta
Citiz. & Sou. N.B., Atlanta
First F. & M. Nat. Bk., Cros.
Hibernia Nat. Bk., N.O.
Merchants Nat. Bk., Mobile
Birm. Tr. Nat. Bk., Birm.
First Nat. Bk., Birm.

Directors:
R. B. Anderson
E. E. Anthony
E. D. Lorraine
E. R. Merrill
Hugh Morrow Jr.
Paul W. Schert
J. B. Simmons

Statement of December 31, 1951

Loans & Dis.	2,081,529	Capital	100,000
U. S. Sec.	1,303,899	Surplus	150,000
State & M. Bds.	906,119	Und. Prof.	38,193
Cash & Exch.	1,325,293	Reserves	82,094
Bk. Bldg., etc.	25,526	Dmd. Dep.	4,803,053
Oth. Assets	16,234	Time Dep.	685,282
Total	5,858,602	Total	5,858,602

COVINGTON COUNTY BANK

Phone 688
Estab. 1947—State
Member FDIC ABA Ala. BA
Par \$100—Div. 6%

Officers:
Charles Dixon, Pres.
J. S. Herlong, Exec. V.P.
L. R. Deal, Cash.
Mrs. Lela M. Holmes, A.C.
Cnst: Ralph Clark

Correspondents:
First Nat. Bk., Birm.
First Nat. Bk., Montg.
First Nat. Bk., Opp.
Louisiana B. & T. Co., N.O.
Citiz. & Sou. N.B., Atlanta

Directors:
J. F. Colquett
F. L. Darby
L. R. Deal
Chas. Dixon
Solon Dixon
J. S. Herlong
A. C. Wilder Sr.

STATEMENT OF DECEMBER 31, 1951

Loans & Dis.	685,380	Capital	100,000
U. S. Sec.	465,538	Surplus	50,000
Oth. Bds. & Sec.	27,247	Und. Prof.	27,509
Cash & Exch.	424,159	Reserves	14,928
Bk. Bldg., etc.	30,813	Dmd. Dep.	1,245,908
Oth. Assets	5,147	Time Dep.	174,281
Total	1,618,294	Total	1,618,294

Collections handled Promptly and Efficiently

NEW CHANGES DESIGNED FOR YOUR CONVENIENCE:

- ★ Easier to read
- ★ Quicker reference
- ★ More detailed information
- ★ Each bank listing distinctly separated by horizontal lines... No distracting vertical guide rules
- ★ Officers, Directors, Statement, Correspondents and Attorney (or Counsel) properly identified at each listing
- ★ Town, Population, County, Federal Reserve District and Map Location all set as heading between horizontal lines
- ★ Out-of-town branches located with listing of head office

OLD

TOWN AND COUNTY
F.R.S. Dist. Map. Key

ANDALUSIA Covington
(County Seat) ES
6 Al & Birm ES
Population 9,176

COVINGTON COUNTY BANK
Telephone: 888
61-577

OFFICERS

E. E. Anthony, Pres.
Hugh Morrow, Jr., V. P.
J. B. Simmons, V. P.
H. G. Studstill, Jr., Cash.
Tom E. Little, A. C.

RESOURCES

Loans & Dis. 2,086,794
U. S. Sec. 1,223,416
State & M. Bds. 1,005,987
Cash & Exch. 1,448,095
Bk. Bldg., etc. 27,782
Oth. Assets 17,683
Total 5,809,707

LIABILITIES

Statement of June 30, 1951
Capital 100,000
Surplus 150,000
Und. Prof. 66,980
Reserves 82,958
Dmd. Dep. 4,715,406
Time Dep. 694,363
Total 5,809,707

Chemical
Cont'l Ill.
First Na
Citiz. & S
First F &
Hibernia N
Merchants
Birm Tr.
First Nat

OFFICERS

Charles Dixon, Pres.
J. S. Herlong, Exec. V. P.
L. R. Deal, Cash.
Mrs. Lela M. Holmes, A. C.

RESOURCES

Loans & Dis. 574,599
U. S. Sec. 590,470
Oth. Bds. & Sec. 27,085
Cash & Exch. 275,483
Bk. Bldg., etc. 85,108
Oth. Assets 1,731
Total 1,445,376

LIABILITIES

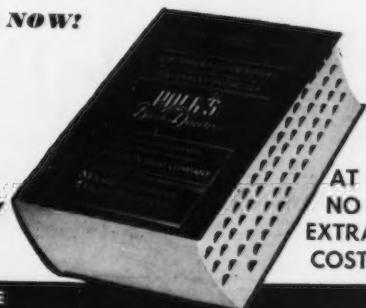
Statement of June 30, 1951
Capital 100,000
Surplus 50,000
Und. Prof. 11,625
Reserves 35,492
Dmd. Dep. 1,169,099
Time Dep. 189,553
Total 1,445,376

First Nat
First Na
La. Bank &
Citiz. & Sou

After two years of intensive study and development, R. L. Polk & Co. is proud to announce these new features to make your bank reference work easier. The new format is designed to give you more information in the most

If you have not reserved a copy, place your order, NOW!

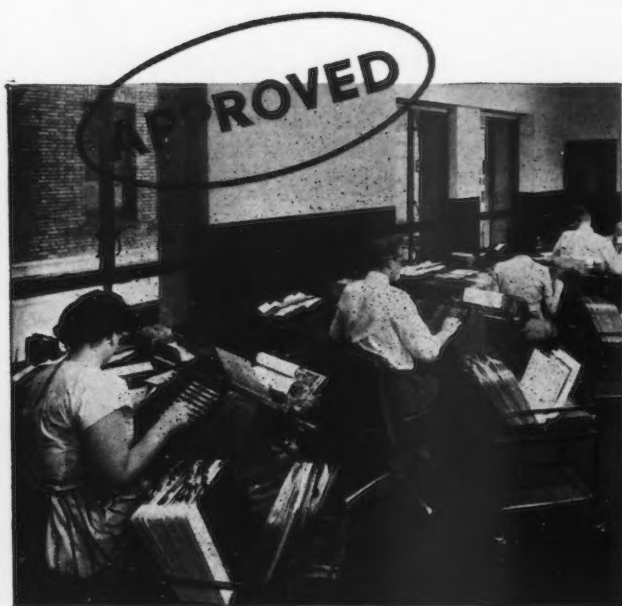
THE NEW POLK'S
Bank Directory



AT NO
EXTRA
COST

R. L. POLK & CO. ★ 130 4TH AVE., N. ★ NASHVILLE, TENNESSEE

Unqualified Approval. in San Francisco,



IN SAN FRANCISCO . . . The Pacific National Bank writes: "The new Burroughs bookkeeping machines have been in service long enough now for us to be able to appraise the many new features, and we are very well satisfied." The bank also mentions reduced operator fatigue, and the fact that bookkeeping employees like the improvement. "They, too, are very well satisfied . . . as evidenced by their attitude toward the work." In addition, the bank expresses its satisfaction with the way these new machines were installed with a minimum of interference with its normal program.



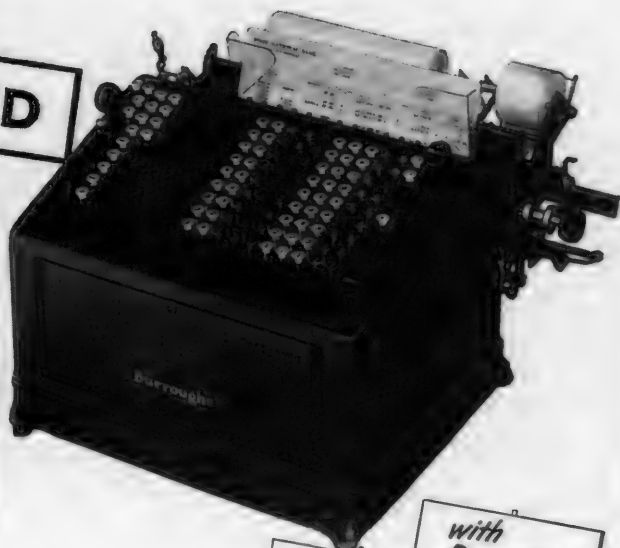
IN BUFFALO . . . Manufacturers and Traders Trust Company installed its first new Burroughs bank bookkeeping machines a little over a year ago. That the results are "very satisfactory" is evidenced by the fact that the bank has ordered additional machines for future use. The bank reports specifically that, "easier key depression and form alignment together with the simplified single-function motor bars have reduced operator fatigue and posting errors. The dual platen which permits the listing of multiple checks has increased the efficiency of the posting operation."

the New Burroughs
Bank Bookkeeping Machine
endorsed by users everywhere!

Buffalo, Palm Beach



IN PALM BEACH . . . The First National Bank "wouldn't think of using any other bookkeeping machine than Burroughs." The bank's three latest models have given the department that "new look" with a "big lift" in efficiency. With faster form handling, visible form headings and alignment, the new Burroughs is an average of 16 per cent faster on ledger and statement production. Greater ease and simplicity of operation, maximum use of automatic controls, and "feather touch" motor bars materially reduce physical exertion required to operate the new Burroughs.



Bankers all over America write to tell us how this new Burroughs has speeded up bookkeeping, conserved effort, and improved accuracy—benefits that mean dollars and cents saved every day.

The new Burroughs bank bookkeeping machine is designed and built to meet modern banking's need for greater efficiency. The many carefully designed features that have

put this machine way out in front in acceptance among banks are the direct reflection of bankers' recommendations and needs.

Burroughs, with its skilled and experienced technicians, can show you how *your* bank can profit by the improved bookkeeping operation possible with this great new machine. Call your Burroughs man now, or write Burroughs Adding Machine Company, Detroit 32, Mich.

WHEREVER THERE'S BUSINESS THERE'S **Burroughs**

"The way we do it, Larry, is to have our brokers deliver the securities to Bankers Trust in New York for our Custodian Account. It saves time and trouble...."



Here's a safe, easy way to handle { your bank's securities
your customers' securities

As you know, the details involved in properly handling securities—either your bank's or your customers'—can be troublesome and time-consuming.

When you have a Custodian Account at Bankers Trust you free yourself of the details in connection with the technical servicing and physical safeguarding of these securities.

In addition, our location in the nation's key securities market gives you two important advantages when securities are purchased or sold—minimum exposure to risk and speedy physical handling.

Servicing of securities in a Custodian Account includes the collection and crediting of maturing or called securities and all income—purchase and sale, receipt and de-

livery of securities as you direct—notice of subscription rights and exchanges. Upon completion of all transactions you receive detailed advices that contain the necessary data for tax reports.

Your orders to buy or sell will be handled by Bankers Trust if you desire, or you may place them with your own brokers or dealers.

Securities in a Custodian Account are lodged in our modern vaults, kept separate from those in other

accounts and are always under your complete control.

Hundreds of out-of-town banks, corporations, educational institutions, insurance companies and similar organizations are using this safe, time-saving means of handling securities.

Without obligation, you are invited to write for complete information. Please address Custodian Division, 16 Wall Street, New York 15, N. Y.

BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



(CONTINUED FROM PAGE 6)

Harold Stassen where George Washington's is on the single. And the back of the bill was one big ad for the magazine.

"But the T-men pointed out that not all who handle money are bankers, and that some pretty shabby 'queer'—as counterfeiters call their product—has been passed in these United States. The point was, the Secret Service explained, that the \$3 bill gave the general impression of being money. 'It won't surprise me, if one of the bills will be passed,' a T-man said after the incident was officially closed."

A Good Word from Greece

BANKING has many readers in foreign countries, and it's always a pleasure to hear from them.

Occasionally the contact is indirect, as in the case of a recent letter to the Kentucky Bankers Association from Costas Sigalas of the Agricultural Bank in Athens, Greece. Mr. Sigalas wrote to say that he liked our November 1951 article "It Pays to Counsel Young Farmers," by ROBERT P. STEPTOE, KBA's public relations director. Mr. STEPTOE told how his association had brought to more than 4,500 young farmers in Kentucky a better knowledge of agricultural credit.

"I strongly believe," wrote our

"Say, chief, we're putting on a skit at the next meeting, and we wonder if you would take the part of a grumpy, fire-eating old tyrant?"



March 1952



13 months to rebuild —we could have been ruined!

(A true story based on Hartford File #30015)

We could have been bankrupt as a result of the fire which closed our store down for 13 months. But thanks to Business Interruption Insurance, we weren't. To be sure, we located temporary quarters quickly... were back in business thirty-four days

after the fire. Still, we suffered operating losses of \$49,194.79. In addition, we had extra expenses of \$30,000 for rent, fixtures, incidentals. All this—a total of \$79,194.79—was recovered by our Business Interruption Insurance. We'd *never* be without it!

Fire (or windstorm, explosion, riot) can close a business... temporarily.

But the loss of income that usually attends disasters can push a business to the wall, close it for good. You *know* this...

So, in your capacity as financial advisor, call it to the attention of your customers. And advise them to make sure they're covered against business interruption—adequately covered.

To determine the amount needed, have them write for free copies of Hartford's Business Interruption Insurance work sheets... or have them see their Hartford Fire Insurance Agent or their insurance broker.

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Company

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OFFICES IN PRINCIPAL CITIES

Athenian reader, "in the beneficent results of explaining to the young farmers the fundamental conditions under which they can be financed by a credit institution and in the wise use of a farm loan, as I come from an agricultural district of Greece and have been working at the Agricultural Bank for more than 16 years."

He offered the KBA his congratulations "for everything you do for the worthy class of farmers."

Put the Lizard on a String

IF your bank has pigeon trouble, read this. If your bank doesn't have pigeon trouble, read it. Maybe some day the information will be useful.

THE DIME SAVINGS BANK OF BROOKLYN, New York, had a bad case of p.t., right over the front door. The birds lived among the capitals of the stately columns, and to say that folks going in and out were annoyed is putting it mildly.

Then the bank's chief maintenance man, A. ERNEST THOMAS, spent 20 cents for an 8-inch rubber lizard and suspended it from the cornice on a three-foot cord.

When the pigeons returned that afternoon from their popcorn-peanut hunt in Albee Square, there the darn reptile dangled. The dismayed doves dived and swooped and cooed, but the lizard just swayed and swayed and swayed.

Now if you were a pigeon and came home to find an ugly critter



"I don't understand this 'carrying charge.' I bring the money to the bank myself"

dangling in your front door, you'd probably break the lease. The Dime's birds did just that—they moved. True, some only shifted to the lizard-less sides of the building where the customers are no longer inconvenienced. But the bank is so pleased with the success of its experiment that it has authorized Mr. THOMAS to buy more lizards which he will suspend at strategic points on all the cornices.

The big idea in the story is this: Keep your pigeon-scarers moving! You can wear yourself out setting lizards, snakes or other gadgets around the premises, but if they don't move, the birds will just make friends with 'em and stay right on.

JOHN L. COOLEY.

The cost of living is high, but no one wants to quit for that reason.

The rubber lizard, inset, that scared the pigeons from the bank's front door attracted quite a crowd



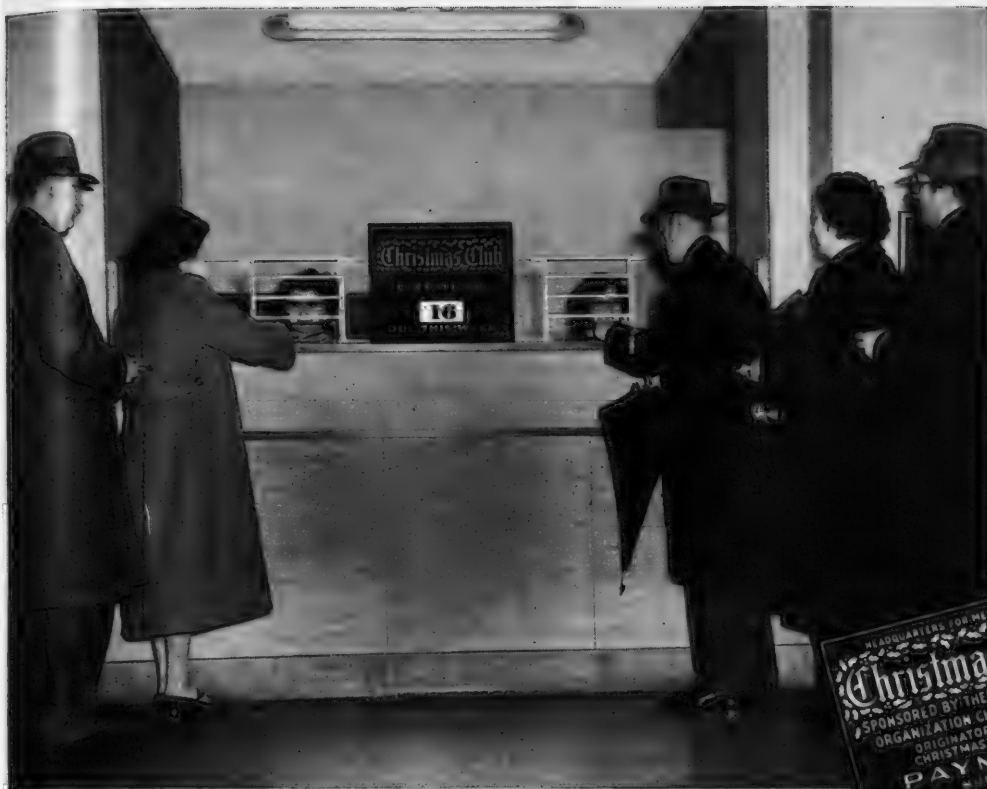


Photo
courtesy of
Broadway Savings Bank
New York, N. Y.



The Emblem that Millions Follow in their March to Financial Security

The emblem of Christmas Club, A Corporation, is the emblem of opportunity for millions of people . . . it teaches them the habit of thrift, which is the heart of any program of financial security.

The emblem of Christmas Club, A Corporation, is the emblem of opportunity for thousands of financial institutions . . . it brings the public into the institutions. It promotes the advantages of the other services offered by the institutions. It promotes an understanding and appreciation of the American banking system.

In these days of higher taxes and higher living costs, financial institutions can help their customers reach the goal of individual financial

security, and Christmas Club provides an easy way by which it can be done.

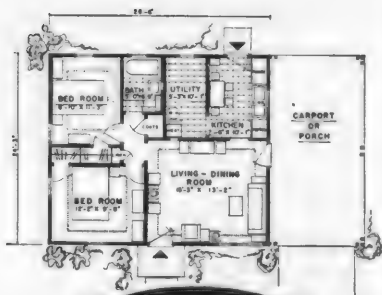
Why not have a staff representative of Christmas Club, A Corporation, discuss the Christmas Club plan with you? He has every system for efficient operation and a wide variety of proven advertising material to build a profitable program to meet your local needs.

Christmas Club
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THE shy young man who had recently started to work in the book-keeping department was refreshingly modest. Modesty did not hamper his ambition, however; he was anxious to become a valuable employee; and when, after only a couple of months in our employment, he was called to serve on the jury, he was much disturbed. He went to see the judge at his home and asked to be excused from duty, as he was working at the bank, which at that time was rather short of help.

"Do you mean that the bank can't operate without you?" inquired the judge, with a rather sarcastic smile.



"Oh, no!" was the prompt disclaimer. "I'm just afraid they'll find out they can get along without me and let me go!"

CHRISTMAS gets a lot of people up in the air, but this is the story of how some Christmas Club stamps sought the higher altitudes. One of the Christmas Club members came into the bank and purchased five of the little \$2 stamps. As she didn't have her coupon book with her, she carried them home, and, as it was time to prepare lunch for the family, she laid the stamps on a small tray on her desk. After the dishes were done, she remembered the stamps, looked up her coupon book, and prepared to insert them. But

they were gone! Only three or four paper clips, a rubber band and a pencil met her eyes. As she continued her search, a sudden call for help came from her young son: "Mother, come help me get my kite down—it's caught on the clothes-line!"

As she disentangled the kite's tail from the steel line and extricated the kite, she noticed that a hole in its paper covering had been neatly repaired with some familiar-looking tiny brown squares. The lost stamps!

"There were just exactly enough to cover the hole in the paper," plausibly explained her son. "I tried to fix it with paper clips out of the tray and they were no good. Then I

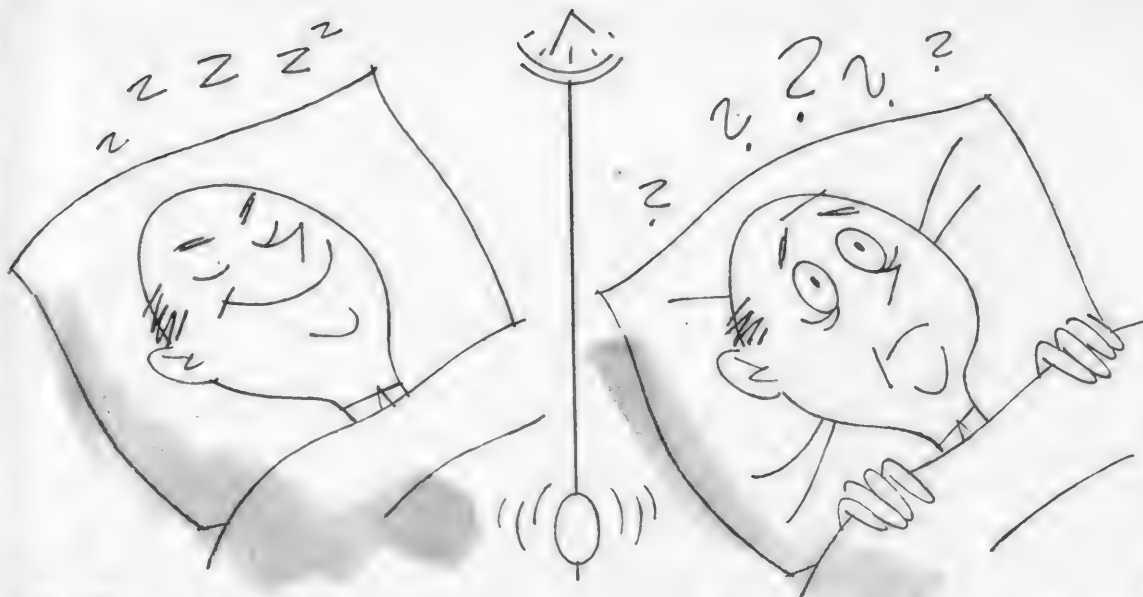


saw these little things with stickum on them and they worked fine—covered the tear all up so the kite could fly!"

ONE of our customers, strangely enough, consistently refuses to accept crisp, clean currency from our tellers. He insists that he wants "old money." For a long time we thought it was because he was afraid of getting counterfeit bills figuring that fake money usually lasted but a short time after it left the press; but one day he remarked that he liked old money because there was less danger of giving out two bills instead of one when making change.

AFTER many discussions with his new wife, the young man had finally persuaded her that they should have a savings account. For several months, all went well—he deposited a small sum every payday. But one day he came in and withdrew the entire amount. "I hate to do this," he remarked, apologetically to the savings teller, "but my wife finds that putting this money in the bank every week is the thing that keeps our budget from balancing."

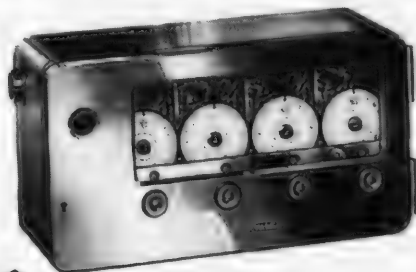
BELLE S. HAMILTON



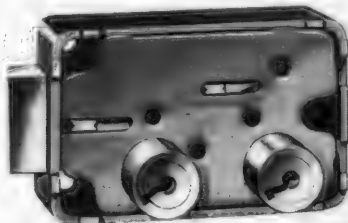
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YALE's 83 years of experience is equaled by its reputation for fast, efficient service and for solving your toughest problems. See what this fine line of bank equipment can do for you by writing, today, to: The Yale & Towne Manufacturing Company, Dept. S-403, Stamford, Conn.

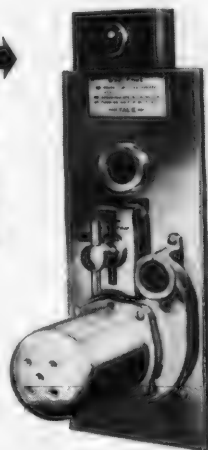


Yale 120-hour time lock movements give long range security under the most extreme conditions... allow "after hours" and weekend freedom from annoyance.



Yale safe deposit locks—series 5705. This series consists of good security lever tumbler locks for door sizes from 1 3/4 to 10 inches. Flat or corrugated keys for guard; corrugated keys for renter. Many other types of safe deposit locks available.

Yale emergency vault ventilator lets fresh air stream into the vault at a turn of the handle inside. It provides light and communication, prevents panic and damaging rescues of trapped personnel.



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The Wondrous Gulf Coast

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

"TEXAS-SIZE" said the hostess apologetically, as she picked off two-inch black flying crickets from dining tables on the "aquatic terrace" of the Shamrock Hotel at Houston. The creatures come out after dark, attracted by the floodlights on the adjacent swimming pool, to demonstrate to visitors and natives alike that the Southwest, with Houston as its hub, has to be measured in its own terms.

"It's one of the last remaining pioneering sections of the country," said the captain of the Eastern Airlines Constellation, as he pulled out the airbrakes for his last scheduled landing of the day. He barely missed a farmer's single-engined plane bringing groceries back to the ranch and a two-engined DC-3 bound with oil engineers from Houston to Oklahoma City, as I heard later.

It's an amazing part of the country and the terms "Texas-size" and "oil" are hardly separable. It has been more than half a century since the "Old Spindletop" oil well came through in 1901.

Booming Half Century

In the intervening 50 years, the Mellon interests formed and ran Gulf Oil, Rockefeller's Standard Oil bought Humble Oil, the Bernard Baruch group bought control of what is now Texas Gulf Sulphur, and Howard R. Hughes, father of Howard, established Hughes Tool Company, the largest manufacturer of drilling equipment.

The Gulf Coast—roughly the 1,200 miles of shoreland and hinterland from Brownsville, Texas, to the St. Petersburg-Tampa region of Florida—is enjoying its biggest boom in history. Figures show that

the new industrial facilities being built or in the blueprint stage exceed the 1946 bonanza.

Discussing the growth possibilities of the Southwest in a recent study, the Federal Reserve Bank of Dallas noted that while larger dollar amounts for new construction have been approved for other regions, such as the Mountain States and the Far West, the average size of the 126 new Texas facilities, covered by Washington certificates of necessity, is \$6,400,000 per certificate, compared with a national average of \$2,800,000 for the total of 2,190 new installations for which location has been approved.

In this process, Texas alone, among the Southwestern states, will get two new steel mills, three new aluminum plants, one power generating establishment, four chemical factories, one copper smelter, and seven new petroleum refineries.

The focal point of this pioneering industrial development is the city of Houston. It has grown faster than any other metropolitan center in the United States, at least since 1940. With a population of about 600,000, it even outranks New Orleans, with about 570,000, and Atlanta, with 330,000 souls.

Houston's claim to fame as the fastest growing center of the Southwest is vested in the natural resources of that area. Oil and natural gas provide a solid economic basis for great refineries and the growth

of new petro-chemical industries which extend in an impressive concentration from Houston to Galveston on soil where there was nothing but grass and cactus a few years ago.

Natural gas has attracted non-ferrous metals and other such industries. This is in line with the tendency of industries of all types to move as close as possible, not to their markets, but to the site of their necessary raw materials.

Benefited by a growing season of more than nine months, cotton is a very important factor in the Southwest, and in recent years rice-growing has become an essential part of the region's agriculture, not to mention pulpwood.

A Treasure Cache

Indeed, there seems to be good reason to accept without too much doubt the claim that within a radius of 200 miles from Houston more wealth is taken from the ground than from any other area of equivalent size on earth.

Besides oil and natural gas, other resources which have been important in building and expanding industries in the Southwest are lignite, as a source of fuel and power, and sulphur. About 90 percent of the United States vital sulphur output centers along the Gulf Coast. There is also potash, an important ingredient in fertilizers.

(CONTINUED ON PAGE 18)



STANDARD OIL CO. (N. J.)

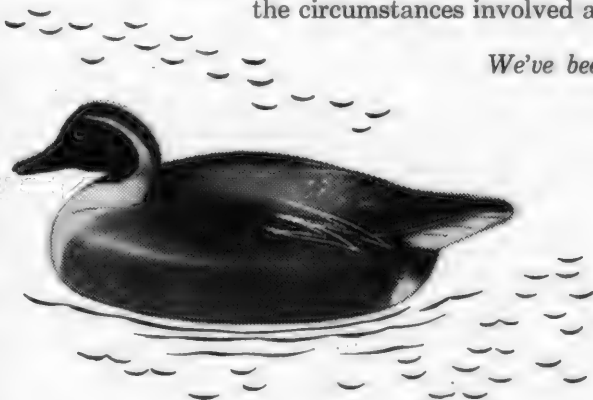
sometimes
it's hard
to tell
the
real thing



When you go to your correspondent bank with a problem, you want the *right* answer—not just one that *looks* like it. How can you be *sure*?

Choose the correspondent bank that is equipped to analyze a situation in the light of long experience . . . the one that can evaluate the circumstances involved and come up with the *right* answer.

*We've been doing just that for 149 years—
and we'll do it for you today
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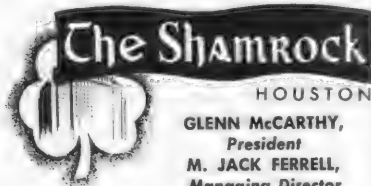
...Houston has become a key city of the progressive Southwest — an area whose people and economy are making ever increasing use of Prudential insurance protection and investment dollars.

"To bring both these important services closer to our Southwestern policyholders and to the business, industry and agriculture of this great region, Prudential will soon occupy its new 18-story Southwestern Home Office building, now nearing completion on Holcombe Boulevard at Main St., in Houston."



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GLENN McCARTHY,
President
M. JACK FERRELL,
Managing Director

(CONTINUED FROM PAGE 16)

Galveston, about 50 miles to the south of Houston, is the largest exporter of wheat, cotton, and sulphur in the country. Among its leading citizens are families which started years ago as cotton factors and merchant bankers. One of those leading them, perhaps, is William Lewis Moody, head of W. L. Moody & Company, private bankers. Mr. Moody is also president of American National Insurance Company at Galveston, with \$330,000,000 of assets, and owner of ranches, newspapers, and hotels throughout Texas. Predominant among foreign concerns which have made Texas their domicile is Lipton's Tea, with its \$1,000,000 Galveston payroll.

New Orleans' Growth

New Orleans, at the mouth of the Mississippi, is also enjoying a phenomenal growth. Surrounded by a diversified list of industries, such as Continental Can, Chase Bag, Jones & Laughlin Steel, Johns-Manville, and Hercules Powder, the handling of its foreign trade tonnage now runs about one-half higher than in 1940.

Chrysler Corporation recently moved into the former Michoud ordnance facilities for the manufacture of tanks, and all along the New Orleans Gulf Coast there are also oil wells of various companies as well as sulphur diggings.

Less than 200 miles east of New Orleans is magnolia-treed Mobile, Alabama. It has grown rapidly in the past decade and now ranks as the 10th port in the United States. Like other Gulf Coast centers, it specializes in chemicals. Seashells are ground into lime and there is a new chlorine and caustic soda plant.

At the eastern end of the Gulf Coast, Jacksonville, Florida, remains a staunch anchor. It is a rail, air, and sea transport center and boasts of chemical, paper, and bag plants which have made rapid progress. The city has now \$3-billion more bank clearings than in 1940. Its proximity to the largest naval air station at Black Point was no handicap. The growing naval air base of Pensacola, with its industrial offshoots, including American Viscose and Monsanto Chemical, should also be mentioned.

In order to take advantage of the industrial growth in the Southwest,

several Texas financiers got together some two years ago, hired a Boston investment trust specialist and established an open-end investment company, known as Texas Fund.

Its securities portfolio comprises shares of electric utilities, gas transmission (pipe lines) and distribution, oils, gas chemicals, insurance companies, banks, and an assorted array of other southwestern industries. Assets of Texas Fund have just about doubled since the company's establishment.

As the chemical industry burgeons, said the Fund in a recent bulletin, "and draws capital, earning power, and employees to the Gulf Coast, it swells its wealth, the population and the business world of the Southwest. There will be an ever-increasing need for transportation, housing, banks, insurance, manufacturing, merchandising, and service businesses."

A bulletin from the Brownsville (Texas) Board of City Development remarked the other day: "We do not have, but need, a boys' camp, a dude ranch, a second-hand book and antique store, a wholesale drygoods business, automatic car washing service, home delivery bakery service, hat blocking experts, restaurants specializing in foods of different nationalities, and multiple story parking facilities."

That is typical of the Southwest. Said Lloyd J. Cobb, former head of the International House at New Orleans, the other day: "The Gulf Coast is the real gold coast of America today . . . and in another few years, perhaps, we will find 100,000,000 persons living adjacent to it."



"All we want to know is how to become a beneficiary!"

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Back of our Field Warehouse Service is an experienced organization . . . with substantial liquid resources . . . unquestioned integrity . . . plus Fidelity and Warehousemen's Legal Liability insurance with Lloyds in the amount of *One Million Dollars* at each warehouse. Our Field Warehouse Service is a quality service, complete, economical and safe.

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Canada's Greatest Investment Program

CANADA is undertaking this year the greatest investment in material and industrial resources in her history, involving record expenditures of \$5-billion. This amount is about 10 percent more than the estimated investment in the previous peak-year of 1951. The major emphasis this year is on defense and defense-supporting projects, notably essential materials such as iron ore, nickel, copper, lead, zinc, and petroleum, as well as in industrial expansion which might make it possible for this country practically to double its output of armament to an annual rate of about \$2-billion toward the end of 1952 and to provide substantial increases in strategic materials for the United States and Western Europe.

More Guns than Butter

The present investment program, concentrated as it is in defense and defense-supporting projects, will mean less capital for civilian goods industries and for housing, in which a noticeable decline took place last year owing to Government priorities on the most essential materials and a quite marked decrease in consumer buying of some commodities, particularly textiles.

A quite considerable proportion of the new capital investment this year will be in the most westerly provinces, Alberta and British Columbia. In the first-mentioned province, as well as in adjoining provincial areas, over 200 oil drilling rigs are in operation, nearly two-thirds more than a year ago. The present productive capacity of these western oil fields is now more than 50-million barrels per year and may reasonably be expected to reach 75-million before the end of 1952. Additional refining and transportation facilities are also under way, as well as some

important petrochemical industries in Alberta to use by-products of the new oil industry. In British Columbia new pulp and paper industries are under construction, as well as the vast aluminum project, involving initial expenditures of over \$150,000,000, and perhaps eventually over \$500,000,000.

Paper Production

While the biggest developments in the pulp and paper industry are being undertaken in British Columbia, progress is still being made in Quebec and Ontario, which continue to be the centers. These centers accounted for by far the greatest proportion of the 5½-million-ton production of Canadian newsprint in 1951, more than 4 percent above that in the preceding year. An even greater rate of increase, 18 percent, was recorded in other wood pulp products, most of which went to the American market. Further increases in both newsprint and pulp production are likely to be seen this year and for some years ahead. Pulp and paper mills in this country have spent over \$350,000,000 in the past five years to improve and expand their operations and expect to make new capital investments of over \$600,000,000 in the next five years.

Exports Southward

Under all these conditions, Canadian exports to the United States may be expected to increase this year quite substantially above those of 1951, amounting to about \$2-billion, or approximately half of the exports in all directions. The supplies of Canadian materials available to American markets this year will be larger, not only in pulp and paper, but in minerals as well, particularly nickel, cobalt, aluminum, copper, lead, zinc, tungsten, and titanium. In

all, Canada's exports to the United States might run up this year to a value of nearly \$2½-billion.

Exports Northward

At the same time, Canada's imports of American materials should also increase, as she will need larger quantities of American machinery and other equipment for the record new capital investment program she is undertaking. But she may not require as much from her southern neighbor in civilian goods as she imported in 1951. Canada will also require from the United States more capital than ever before and more technical personnel, in both of which she is short of her present requirements. Probably as much as half of the new capital needed this year will be raised, with little or no difficulty, in the United States, and several thousand American engineers and other technicians will find opportunities in this country.

Credit Restriction

The commercial banks of Canada have agreed to a suggestion of the Dominion Government and its central bank to continue the credit restriction policy adopted a year ago as a counter-inflationary move, with the two-fold effect of discouraging speculative stock piling, widely prevalent in the last part of 1950, and of forcing merchants and other businessmen to liquidate excessive inventories and accounts receivable. Apart from temporary increases in advances of a seasonal character to finance the heavy grain crops of 1951 and in loans for Canada savings bonds, bank loans and nongovernment investments are no higher now than a year ago, notwithstanding an increase in the general price level.



"I FOUND A FRIEND . . . 1300 miles from home"

On an icy street in upper New York State, the car suddenly started to skid. Out of control, it crashed into a telephone pole. The car was badly damaged.

The driver, a man from Tennessee, was hurt . . . his mother seriously injured. He needed a friend, and found one quickly . . . the local U. S. F. & G. agent.

Far beyond the usual call of duty, the agent helped with

the details . . . phone calls, telegrams, a place to stay—and relief from worry. All medical bills were taken care of, and car repairs promptly made. The policy meant much more than just insurance.

The driver's appreciation is best expressed in his own words: "*When a man is 1300 miles from home, his car wrecked, and one passenger in the hospital, he needs friends. I found such friends in your Company.*"



Your local agent is constantly ready to serve you. Consult him as you would your doctor or lawyer. For the name of your nearest U. S. F. & G. agent, or for claim service in an emergency, call Western Union by number and ask for Operator 25.

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sound credit policy--explained
how AMERICAN CREDIT INSURANCE
pays us when our
customers can't!"



"We're thankful we completed
our program of protection
with AMERICAN CREDIT INSURANCE.



Not long ago, one of our
biggest customers, with a
high credit rating, got into
financial difficulties due
to a long strike...



He couldn't pay his account
with us. We'd have been in a
tight squeeze moneywise
except for our A.C.I. policy.



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Are your receivables safe
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By the Way—

Most wives find getting money
from their husbands is like taking
candy from babies. They put up a
terrific holler.

*It would be wonderful if we were
as rich as the foreigners think we
are.*

No one finds fault with his own
intelligence.

*Some persons go to church for
the same reason that they buy in-
surance.*

A person who speaks well of
everyone must have poor judgment.

*You can borrow trouble without
going through any red tape.*

The prices of evening dresses now
are no more modest than the dresses.

*We have heard a good many de-
compositions sung on the radio.*

In the old days children were ne-
cessities and automobiles luxuries.
Now it's reversed.

*After a while a husband and wife
think alike, but she thinks first.*

A woman buys a pocketbook to
match her shoes and a man buys
shoes to match his pocketbook.

*Nothing puts you on your feet
like an alarm clock.*

"Counting sheep doesn't help anymore,
Doctor . . . it just reminds me of the
high price of lamb chops"



Billions for capacity... How much for markets?

A recently released survey* of investment plans indicates that 1952 will probably be a high-water mark in what has been the greatest wave of industrial expansion in the United States. Much of it will be for new plants and equipment, needed for our defense program.

But, consider this tremendous industrial productive capacity in terms of its impact upon our civilian economy . . . what it can produce in products and services beyond the defense needs for this year, and the years after.

Remember, by the end of this year manufacturing capacity will be more than double the 1939 level. A substantial share of this expansion has been made possible by increased investment capital. Making sure that this investment pays off requires expanded markets and increased sales effort.

Check the industrial companies in which you have a financial interest or responsibility. Make sure that the management is using adequate Business Magazine Advertising to protect your investment by developing consistently greater markets for their products and services.

*We have two booklets which are of particular interest to bankers and financial executives. "Business' Plans for New Plants and Equipment 1952-55" contains the findings of the fifth annual survey of investment plans by the McGraw-Hill Dept. of Economics. "Pulsebeat of Industry" discusses current trends and the outlook for industrial markets, products and services. Both will be sent without cost or obligation. For your copies write Company Promotion Department.



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HEADQUARTERS FOR BUSINESS INFORMATION



Heard Along



W. W. Hopper (right), president, First National Bank of Nevada, receives congratulations on his selection by the Reno Junior Chamber of Commerce as "Boss of the Year." At left is Malcolm Love, president, University of Nevada, and chairman of the award committee

H. MORGAN CRAFT, former president (1949), California Bankers Association, and a member of the executive council, American Bankers Association, has been appointed board chairman of the Hollywood (California) State Bank. Named as vice-presidents: LESTER L. BILLINGS and PAUL H. TOY.

New vice-presidents of Manufacturers Trust Company, New York, are JOHN J. CUNNINGHAM, WILLIAM H. HILL, JR., HOWARD F. SUNSHINE,

William S. Gray (right), board chairman of The Hanover Bank, New York City, receives honorary membership in New York Chapter, American Institute of Banking, from Chapter President Edward H. Dunkelmann of the Public National Bank and Trust Company. The occasion was New York Chapter's annual banquet at the Hotel Astor on February 2. Shown at the speaker's table, from the left, are Harold Stonier, executive manager of the American Bankers Association, and C. Francis Cocke, A.B.A. President, and president, The First National Exchange Bank, Roanoke, Virginia



IRVING TROPP, and ANDREW K. SCHARPS.

ALBERT R. SIMONDS, executive vice-president of the Columbia office of the Citizens and Southern National Bank of South Carolina, has been elected to the board of directors.

ROBERT H. BOLTON, executive vice-president of the Rapides Bank & Trust Company in Alexandria, Louisiana, was elected president of the Louisiana Mortgage Bankers Association.

JOHN LEGIER, president of the National American Bank of New Orleans, was tendered a dinner at *Antoine's* by directors and officers of the bank on his 40th anniversary as a New Orleans banker.

Officers for 1952 of the New York Financial Advertisers Association are: President, RICHARD MEYER, *Wall Street Journal*; first vice-president, EDWARD F. MCDUGAL, Bankers Trust Company; second vice-president, HOWARD J. CARSWELL, Guaranty Trust Company. Relected: secretary, Mrs. ISABELLE MURRAY, Hudson Advertising Agency; treasurer, ROBERT J. STIEHL, BANKING.

PHOTO BY BOB COOPER

Three new vice-presidents of Bank of America, San Francisco, are: ALAN K. BROWNE, ERIC HALLBECK, and HENRY W. DRATH.

JOHN B. BYRNE, president of Hartford-Connecticut Trust Company, has been advanced to chairman of the board, and is succeeded as president by LESTER E. SHIPPEE, formerly executive vice-president. Both men have served as president of the Connecticut Bankers Association. Mr. SHIPPEE is a member of the Executive Committee of the A.B.A. State Bank Division and has been active in other A.B.A. departments.

Banker Honored

WILLIAM FULTON KURTZ, chairman and president of the Pennsylvania Company for Banking and Trusts, Philadelphia, has received the second annual Pennsylvania Award for outstanding service to the competitive enterprise system. The award was announced by Theodore Roosevelt, III, president of American Committee for the Competitive Enterprise System (ACES). Presentation was made by Dr. Robert L. Johnson, president of Temple University.

Mr. KURTZ was cited for "his practical application of competitive enterprise principles in the field of banking, the United Fund campaign, and to the Greater Philadelphia movement."

LOUIS N. CLERICI and S. CARLYLE MCDOWELL have been advanced to vice-presidencies at Wachovia Bank & Trust Company, Winston-Salem, North Carolina.

RICHARD B. MACCARTHY has left the First National Bank of Tampa, Florida, to become business manager for R. L. Polk & Company's bank directory.

In recognition of his 50 years as a director of the Peoples Bank Company, Carey, Ohio, GEORGE ASH was honored at a dinner given by the stockholders of the bank.

BION HALL BARNETT, 94, who wrote in longhand the first entries in the books of the Barnett National

Main Street

Bank, Jacksonville, Florida, 75 years ago, has retired as chairman of the board and has been elected honorary chairman. He is succeeded by WILLIAM R. MCQUAID, who has been his associate for 54 years in the bank and president since 1925. FRANK W. NORRIS was named president; WILLIAM R. BARNETT, executive vice-president.

Banker's Wife "Breaks the Bank"

It actually did happen—a banker's wife broke the bank. The lady who did it is Mrs. Sylvester J. Kryzsko, whose husband is president of the Winona National and Savings Bank, Winona, Minnesota, and president of the Minnesota Bankers Association.

Mr. Kryzsko was called to New York for the meeting of the A.B.A. Administrative Committee for a discussion of a proposed change in Section 5219 U. S. Revised Statutes and he took his family with him. He was in his meeting at the Waldorf-Astoria when Mrs. Kryzsko and their two daughters Camilla and Karen, visited the "Break the Bank" radio quiz program and found themselves in the act.

Mrs. Kryzsko chose the category, "Girls Who Made Good"—and proceeded to make good herself by answering all the questions and breaking the bank to the tune of \$2,250.

KENNETH H. BRUNE has been named manager of the industrial service department of the First National Bank in St. Louis.

GEORGE E. KATZENBACH has advanced to vice-president of The Pennsylvania Company for Banking and Trusts, Philadelphia.

At the Peoples National Bank of Washington, Seattle, five new members were elected to the board of directors, four of whom are officers of the bank. The four bankers, all vice-presidents, are E. L. BLAINES, Jr., O. H. HASKELL, CECIL E. JENKS, and HOWARD H. HANSEN. The fifth new member is CLARENCE H. CARLANDER, president of Puget Sound Freight Lines. Two new vice-presidents were named: HARRY S. GOOD-

FELLOW and CLARENCE. A. BERG. HAROLD A. ROGERS was elected trust officer.

JOE A. EVANS, JR., formerly cashier of the Montgomery National Bank, Mount Sterling, Kentucky, has been named vice-president and cashier.

Citizens National Trust & Savings Bank of Los Angeles has six new vice-presidents: JOHN R. HOLT, CHARLES E. WHEELER, H. B. DICKIE, H. GUNNELL, J. C. HENDERSON, and A. H. JEHL.

ROBERT W. RENNIE has been elected vice-president and secretary of the Garden City (New York) Bank and Trust Company. He has been with the bank for 23 years and has been secretary since 1944. He attended A.I.B. classes and is an alumnus of The Graduate School of Banking.

JAMES H. FOYLES and W. EUGENE FARRISS are now vice-presidents of The Bank of Wilmington, North Carolina.

WALTER J. MADIGAN and MAURICE E. GRAVES have been made vice-presidents of Northern Trust Com-

pany, Chicago. DAVID S. SAMPEL is now vice-president and attorney.

There's a whole new slate of officers at the American Bank and Trust Company, Monroe, North Carolina. TORRENCE E. HEMBY, SR., was elected chairman of the board, succeeding the late WORD H. WOOD. Both Mr. HEMBY and Mr. WOOD were founders of the bank. OLIN B. SIKES is now president; E. D. GASKINS, executive vice-president; CLAUDE

Contrast this with the photo at the top of this page. . . . Eight inches of snow and a temperature of 13 below couldn't keep First National Bank, Minneapolis, from opening its new Auto Bank—essentially a special parking area with a new structure housing five teller units for the convenience of motorist-customers. Edgar F. Zelle, board chairman, is shown welcoming William H. Ziegler, first customer of the new facility. Attendant Donald Frykholm directs traffic in and out of the Auto Bank parking area



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B-3-52



J. B. Lapsley



J. F. Huddleston

EUBANKS and M. W. WILLIAMS, vice-presidents; ROBERT B. CLARK, cashier.

At First National Bank in Dallas, Texas, J. F. HUDDLESTON has been elected vice-president. He was formerly president of First National Bank of Itasca, Texas. J. B. LAPSLEY has advanced to vice-president and trust officer.

JOHN S. FANGBONER has been made executive vice-president of the National City Bank of Cleveland, Ohio.

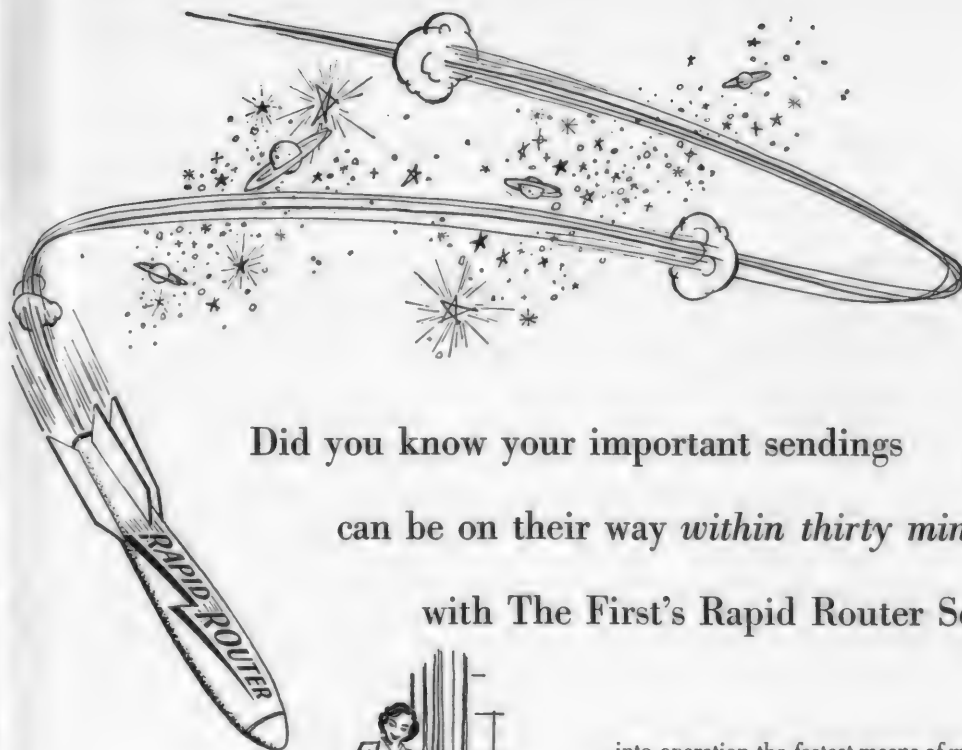
ROBERT L. GRIFFIN and BRUCE F. STUDEBAKER advanced to vice-presidencies at the National Bank of Detroit. Both have been with the bank since its organization in 1933.

WILLIAM J. WASON, JR., who has been with the Kings County Trust Company, Brooklyn, since 1895, and its president since 1934, has been made chairman of the board. CHESTER A. ALLEN was elected president. Replacing him in charge of the trust department is GEORGE GRAY, who was elected a vice-president in December. LEONARD D. O'BRIEN was elected a vice-president and reelected secretary, to serve in both capacities.

The Lynchburg (Virginia) National Bank and Trust Company announces these officer changes: GILES H. MILLER, board chairman; ELIAS RICHARDS, JR., president; JOHN T. PERCY, trust officer.

WILLIAM CLAY FORD has been elected to the board of Manufacturers National Bank of Detroit to succeed his brother, HENRY FORD II. He is the fourth member of his family to serve as a director of the bank founded by his father, the late Edsel FORD. A brother, BENSON FORD, is also a director.

At the bank's annual meeting on January 15, ARTHUR J. FUSHMAN (CONTINUED ON PAGE 29)



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When you use The First National Bank of Chicago's Rapid Router Service, your important sendings (checks and other items which deserve special attention) get this high-speed handling. They are . . .

Sorted to LOCK BOX R. R. by postal clerks, separate from our regular mail . . . collected from the box at frequent intervals, night and day, every day . . . delivered immediately to special transit personnel who select and put

into operation the fastest means of making presentation . . . micro-filmed and sent on their way, often within 30 minutes of the time we receive them.

Why not call or write us for further information about our accurate and dependable Rapid Router Service? You'll find it pays!

You'll find you're better equipped to give more service to your customers when you take advantage of all the many important services offered by The First. In addition to Rapid Router Service, these include . . .

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Complete Foreign Banking Service • Loan Participation
Bond Department • Operational Procedure Surveys
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EDWARD E. BROWN, *Chairman of the Board*

JAMES B. FORGAN, *Vice-Chairman*

HOMER J. LIVINGSTON, *President*

WALTER M. HEYMANN, *Vice-President*

HAROLD V. AMBERG, *Vice-President*

HUGO A. ANDERSON, *Vice-President*

HERBERT P. SNYDER, *Vice-President*

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Friden

THE THINKING MACHINE OF AMERICAN BUSINESS



Gordon Murray



Robert Coltman

MAIN STREET (continued)

was elected senior vice-president. New vice-presidents are: WALTER H. BELL, JR., ROY L. FERGUSON, ARTHUR J. HOWELL, WALTER C. LEONHARDT, WILLIAM C. MAYNARD, GEORGE N. MONRO III, CHARLES A. STOLL.

Marine Trust Company, Buffalo, has three new vice-presidents: WILLIAM T. HAYNES, THEODORE F. SCHARF, and C. EDWARD SCHACKER, JR.

At The Cleveland Trust Company, M. F. BRIGHTWELL and A. K. SHAW are now vice-presidents; A. W. MARTEN and J. H. SIPPLE are now trust officers.

ROBERT COLTMAN, chairman of the Investments Faculty of The Graduate School of Banking, has been named vice-president in charge of the trust department of Philadelphia National Bank. He has been associated successively with National City Bank and City Bank Farmers Trust Company, both of New York, and was vice-president of The Provident Trust Company of Philadelphia since 1946.

GORDON MURRAY has been elected president and a director of First National Bank of Minneapolis. Mr. MURRAY, who is 44, is the eleventh president in the 94-year history of the bank, oldest in the city.

EDWARD J. BRAY and H. MILLER LAWDER are new vice-presidents at Irving Trust Company, New York City.

Edward J. Bray

H. Miller Lawder



March 1952

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Savings and Loan Blanket Bonds

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Valuable Papers Insurance

Securities Insurance

Glass Insurance



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Lumberman R. W. Dalton (left) recently bought 100 shares of Bank of America stock and became the bank's 200,000th stockholder — a record for widespread ownership of any bank. He is welcomed into the stockholder family by A. J. Gock, chairman of the board

LEIGH R. GIGNILLIAT, JR., vice-president of American National Bank and Trust Company of Chicago, has been elected a director of National Homes Corp., nation's largest manufacturer of prefabricated houses.

GEORGE E. WARFIELD has become board chairman of the First National Bank of Alexandria, Virginia, and will continue to serve as trust officer. E. DUTTON STOY was made executive vice-president.

JOHN D. WATT, cashier of American National Bank & Trust Company, Danville, Virginia, has resigned because of ill health. T. CONRAD HURD has been named assistant vice-president and cashier.

JOHN F. WATLINGTON, JR., senior vice-president of Wachovia Bank & Trust Company in Charlotte, North Carolina, has been named "Man of the Year" for his civic activities by the *Charlotte News*.

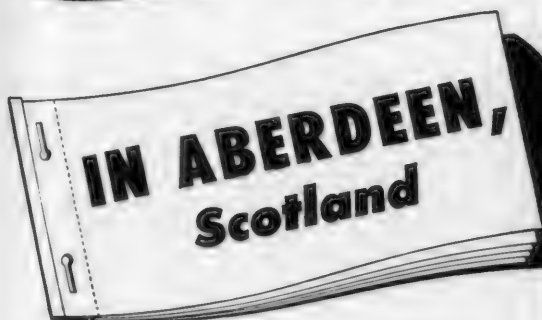
WALTER H. BISCHOFF has advanced to vice-president at the Old National Bank, Evansville, Indiana.

ADRIAN D. JOYCE, founder-chairman of The Glidden Company is now a director of the Cleveland (Ohio) Trust Company.

EVERETT O. STOOHOFF, formerly with Chemical Bank & Trust Company of New York City, and before that with Chase National Bank, is now associated with the Texas Gas Transmission Corporation.

WILLIAM T. GREEN was elected to the board of directors and promoted (CONTINUED ON PAGE 105)

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The OUTLOOK

and CONDITION OF BUSINESS

FOR a long time business has been delicately balanced between inflation and deflation, so long, in fact, that it feels almost at home, with one foot on a chair and the chair on a table and the table on a tightrope—and a smile on its face.

Everyone knows that a misstep by any one of several dozen ordinary human beings around the world any hour of any day could cause a serious spill. It has already happened several times, notably in the latter part of 1950, so business can be forgiven for wishing at times there were some more restful way to make a living.

In a war economy without a war, with peace efforts and war efforts proceeding hand in hand, business is forced to act on two opposite assumptions and the Government is having the same trouble.

Charles E. Wilson, Director of Defense Mobilization, has lately come up with an interesting idea or two bearing on this problem. When the defense production program was getting started considerable emphasis was placed on the possibility of superimposing arms production on civilian production without squeezing the latter too much. We would have guns and butter, or to confuse the figure of speech completely, we would pile Ossa on Pelion.

This is still the general idea and seems to be working out fairly well although the arms program has had to be spread out farther into the future.

Recently, however, Mr. Wilson advanced a double-barreled thought that is new in many respects, to the effect that expanded facilities for defense production should be convertible to civilian needs and that owners of U. S. Savings Bonds should have the privilege of exchanging bonds for shares in these future peacetime industries.

In his own words, speaking to Chicago business leaders, the suggestion was that the defense production authorities plan military construction "so that maximum advantages accrue to the civilian economy when the need for military production lessens."

He believes that atomic energy plants, power plants and many military materiel plants can eventually be offered to the public for private operation. The stock, he suggests, should not be sold for cash but "exchanged for Government savings bonds up to a certain limit per person.

"This would make savings bonds more attractive as the medium of purchase of a share in America's production machine of tomorrow—with the old and tried incentives of profit, along with the risks, of course."

IN addition to those unpredictable developments along troubled borders throughout the world, affecting the chances of war or peace, it would pay to examine earnestly some developments to the north and to the south of the most untroubled border in the world, between Canada and the United States.

In the fiscal years from '45 to '51 inclusive we had surpluses of \$800 million in '47, \$8.4 billion in '48, and \$3.5 billion in '51. We had deficits of \$53.9 billion in '45, \$20.7 billion in '46, \$1.8 billion in '49 and \$3.1 billion in '50.

Now in prospect for this current fiscal year are receipts of \$62.7 billion and expenditures of \$70.9 billion, leaving a deficit of \$8.2 billion. Looking still farther ahead into fiscal '53, it is estimated we shall have expenditures of \$85.4 billion against receipts of \$71 billion, or a deficit of \$14.4 billion.

This fiscal year about \$49.7 billion will be spent for purposes classified generically as national security. (President Truman's new budget says we shall spend \$39.8 billion for defense proper this fiscal year, but this does not include defense-supporting activities.) In fiscal '53 the amount will exceed \$65 billion. Under the term national security are included the expenses of the Defense Department including procurement, construction, maintenance, operations, military pay and support. Also tucked in there are defense-supporting activities such as international and atomic work, stock-

(CONTINUED ON PAGE 148)



Politics will dominate the news of the next few months, whether the dateline is Washington, Seattle, Memphis, or Council Bluffs. Above, a recent political rally in Madison Square Garden, New York

Federal Reserve Board Developments

LAWRENCE STAFFORD

IN a quiet way, some substantial changes have come about in the Federal Reserve Board in the past year. The latest of these was the very recent acquisition by the Board of its two new members, Abbot L. Mills, Jr., and J. L. Robertson. The qualifications of these two were praised as outstanding in open Senate Committee hearing.

Mr. Mills succeeded to the term expiring January 31, 1958, of Mariner S. Eccles, who resigned from the Board last fall. He offers the Board the viewpoint of a life-long operating commercial banker. Prior to his appointment, Mr. Mills was senior vice-president and a director of the United States National Bank of Portland, Oregon, which he joined in 1933.

The new governor was active in the Reserve City Bankers Associa-

tion and the Oregon Bankers Association.

Mr. Robertson joined the Office of the Comptroller of the Currency as assistant counsel in 1933 and handled, in turn, conservatorships, reorganizations, and receiverships. Finally he was in charge of the legal phases of the "going bank" division. Mr. Robertson interrupted his career in the supervisory agency to serve as an officer in the general counsel's office of the Navy. He returned to the Comptroller's office after his naval service to become third deputy, and in 1948 was made first deputy.

He fills the vacancy in the term expiring January 31, 1964, occasioned by the resignation of former Governor Edward L. Norton.

The former First Deputy Comptroller of the Currency brings to the membership of the Federal Reserve

Board its first individual in many years with a broad understanding of purely supervisory functions and problems.

There have been few serious jurisdictional disputes between the Comptroller's office and state supervisors in recent years, and Mr. Robertson backed the legislation which would have removed archaic statutory impediments hindering a national bank, if it chose to do so, from converting to a state-chartered institution.

So one of the substantial changes in the Federal Reserve Board which would seem to be indicated is a probable growth in harmony between the Federal Reserve Board as a supervisory agency and state supervisors, and probably also among Federal supervisory officials.

Developments Summarized

OBSERVERS report that it is entirely likely that there will be a high degree of congeniality in the thinking among the members of the Federal Reserve Board. This congeniality will apply to the objectives and usually to the

Senatorial Roundtable on the Problems of Mortgage Financing

(SEE FRONT COVER)

THE Senate Banking and Currency Committee held a roundtable discussion on problems of mortgage financing, February 6 to 8. Attendance was by invitation of the committee, and outstanding authorities in the field of housing and mortgage credit were present.

While all phases of mortgage lending were covered, the discussion centered primarily on the present scarcity of permanent financing for homes in critical areas and defense establishments. Topics discussed included availability of mortgage funds, interest rates, secondary mortgage markets, direct lending, the current year's construction prospects, military housing, and the

particular problem of housing credit in California. (See also page 97.)

A photograph of the roundtable appears on this month's front cover. Standing, in the extreme left foreground, with a ray of Washington sunlight on his shoulder, is W. A. Clarke of the W. A. Clarke Mortgage Company, Philadelphia. Over Mr. Clarke's shoulder can be seen Senator Bricker, committee member, and successively to the right around the raised desk other committee members shown are Senator Maybank (chairman), Staff Counsel McMurray, Senator Robertson, Senator Sparkman, and, at the extreme right, Senator Moody. At the table in front of Senator Maybank are Roy Blough of the Council of Economic Advisers

and E. A. Camp, Jr., Liberty National Life Insurance Company. At the table in front of Senators Sparkman and Moody are, left to right, Ward Smith, National Association of Real Estate Boards; Charles R. Van Anden, New York Life Insurance Company; Franklin D. Richards, Administrator of the Federal Housing Administration; and Raymond M. Foley, administrator of the Housing and Home Finance Agency. At the table on Mr. Clarke's right, with backs to camera, are Aubrey M. Costa, Mortgage Bankers Association president; T. B. King, Veterans' Administration; and William K. Divers, chairman of the Home Loan Bank Board.

mechanisms of Federal Reserve policy, and it will not depend upon the towering influence of any one member of the Board. Differences of opinion, when they do arise, probably will be threshed out within the Board, and will not be carried beyond in public or semi-private disputes.

The Board is now expected to demonstrate a philosophy which emphasizes the statutory responsibilities of the Federal Reserve System as predominant over "planning."

As a part of this philosophy, the Board also is expected to rely more upon conventional and statutory monetary methods than upon the attempted acquisition of new and novel monetary powers. Of course this would not preclude new and untried mechanisms, provided sharp changes occurred in the monetary outlook.

It is asserted that the Board will think and act independently of the Federal Administration—from the viewpoint of an independent agency expressly charged by Congress with statutory responsibilities.

Finally, the Board, it is reliably reported, will work more and more toward decentralization of Federal Reserve System functions, while retaining in Washington its express responsibilities for formulation of monetary policy.

Treasury Appointments

TREASURY SECRETARY SNYDER named Lewellyn A. Jennings as First Deputy Comptroller of the Currency, to

succeed Mr. Robertson. Mr. Jennings had previously been second deputy.

William M. Taylor, previously third deputy, was made second deputy, while the new third deputy is Griffith W. Garwood, previously Special Disbursing Agent and Chief of the Organization Division. All three are career men with long service in this supervisory agency.

Patman Inquiry Opens Soon

UNLESS circumstances again force a postponement, the Patman inquiry is scheduled to get under way with public hearings on March 10. This

will be conducted by the Subcommittee on General Credit Control and Debt Management of the Congressional Joint Committee on the Economic Report.

The volume containing the full texts of the answers of officials to the monetary questionnaires sent by the subcommittee, as well as summaries and digests of the answers of bankers, insurance executives, Government bond dealers, economists, and others, was not published until nearly two months after its earlier scheduled date.

It is now being explained freely that the Patman committee, with its
(CONTINUED ON PAGE 132)

Have You Seen

(1) The Federal Deposit Insurance Corporation's announcement of the results of its new deposit insurance survey, undertaken to see how coverage was affected since the account limit was raised to \$10,000. Write to the FDIC, Washington 25, D. C., for its announcement of January 11, 1952.

(2) A discussion of bank loan trends based on the Federal Reserve bank telegraphic survey. This is discussed by Gov. Oliver Powell, Federal Reserve Board, Washington 25, D. C., in his speech of January 23, 1952, before the Cleveland Chapter of the Robert Morris Associates.

(3) *The Budget of the United States Government for the Fiscal Year Ending June 30, 1953*, by President Truman. Write for this to the Superintendent of Documents, Government Printing Office, Washington 25, D. C. The "Green Copy," or abridged edition, costs \$1.75; the full and complete budget, \$5.75.

(4) *The Economic Report of the President Transmitted to the Congress, January, 1952*. Also for sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for 55 cents.

(5) *The Battle for Production*, the same being the fourth quarterly report by the Director of Defense Mobilization, on sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for 35 cents.

QUESTION: Should Federal

... Suffocating Effect

DANIEL A. REED

The author, a member of the House of Representatives from New York State, is a member of the Joint Committee on Internal Revenue Legislation and of the Joint Committee on Reduction of Nonessential Federal Expenditures

SHOULD Federal taxes be increased? My answer is "No," and my reasons are twofold.

First, I believe that the Administration's \$85-billion expenditure budget for fiscal 1953 should be cut by at least \$15-billion by (a) prorating the cost of the defense buildup program over a longer period; (b) by eliminating spending programs not essential to our defense effort; and (c) by reducing waste.

Revenue from existing tax laws will be approximately \$64-billion for this fiscal year and will automatically increase in fiscal 1953 as the result of the higher 1952 rates. Expenditures for Government pro-

grams, other than major national security programs, in the President's 1953 budget are \$20-billion. Even if this amount were not reduced, it would still leave approximately \$47-billion for defense under a pay-as-we-go program. No evidence has been presented which satisfies me that the alleged benefits derived from spending more than this amount outweigh the certain evils which include (a) continued confiscatory taxation; (b) a further cheapening of the dollar; (c) the weakening of our private enterprise system through permanent controls; (d) the danger of a severe recession which makes it politically difficult ever to reduce the amount of spending; and (e) the serious economic strains imposed upon our allies.

The Effect of Higher Taxes

In the second place, I believe that we have already gone beyond the safe limit of our taxable capacity and that higher taxes would be more injurious than further Government borrowing. Under a completely socialized society and economy taxes could of course be increased, as the Administration has recommended, because the limiting factors which must be considered under a private economy are not relevant under socialism.

Higher taxes will, in my opinion, do three things: They will increase inflationary pressures to a greater extent than further Government borrowing; they will seriously impair our productive capacity; and they will further destroy the incentive and ambition of our people to work, produce, save, and to invest—and without these incentives, already dangerously weakened, we cannot endure as a free people.

Higher individual and higher excise taxes will increase inflationary

pressures because they will lead inevitably to demands for higher wages. Higher corporate taxes will increase inflationary pressures because they will make it necessary for our productive enterprises to increase their borrowing from the banks and insurance companies or sell their Government bonds in order to finance the expansion program required by the Government for the defense effort. Taxes now take a higher proportion of over-all corporate profits than during the war and the average corporate dollar is worth only 40 cents.

The experience of European countries (England, Italy, Switzerland, Denmark, and Sweden) shows that when taxes take more than 25 percent of national income, inflation follows. Our own experience today and in the 1940s bears this out. Taxes are now taking 32 percent of our national income—an all-time high—and the cost of living has also just reached an all-time peak.

Enterprise, ambition, incentive—these have been the driving force of America's productive might. Take them away and you destroy the very core of our power. As the result of inflation and high taxes even if an individual has doubled his income since 1939, he is worse off today than when he was earning half as much. Under the guise of revenue, but basically for social purposes, the progressive rates on individuals have mounted steadily, and, as a result, even a 100 percent confiscatory tax on all individual taxable income over \$8,000 would yield only an additional \$4-billion.

We have only to look at England to see the suffocating effect of high taxation on productive growth. To impose even higher individual taxes would be to repeat this tragic story here at home.

Daniel A. Reed



Taxes Be Increased?

... Recognize the Cost of What We Buy

ROY BLOUGH

Mr. Blough is a member of the Council of Economic Advisers

WE all want to keep our country strong and make it stronger. We should raise more tax revenue this year in order to make more solid the economic foundations of our military strength.

We should do this, first, because it is sound financial policy. The President's budget shows a substantial deficit for the current fiscal year and a deficit of over \$14-billion for the fiscal year 1953. The cash outflow in the latter year is expected to exceed the cash income by about \$10-billion, which will have to be borrowed from the public. There is every reason to expect a large deficit for 1954, also.

We are purchasing the defense program because we believe the security of the country requires it. Fiscal responsibility requires that we recognize the cost of what we buy.

We should increase tax revenues, second, because it is sound economic policy. From the economic point of view we are going to pay for the defense program as we go along, regardless of the taxes. The taxes do not create the burden; they merely distribute it. The real burden is the diversion of resources from civilian supply to military requirements; all other costs rest finally on this.

Along with diverting the resources it is necessary also to cut down consumer and business demand for them; otherwise, inflation will surely result. Taxes are the traditional

way and the soundest way to reduce private demand. If we do not hold down private demand through taxes, it will have to be held down entirely through direct controls over materials, prices, wages, and in other ways. And the results would be only temporary; we shall have to pay the taxes later if we do not pay them now. If we do not hold down private spending either through taxes or controls, we shall have the amounts we can buy cut down through inflation, which we all want to avoid. Taxes thus not only are the preferred method of preventing defense expenditures from causing inflation, they are the only method, unless we are willing to rely more heavily on direct controls.

The Budget

It is sometimes argued that the budget will be cut so much that additional taxes will not be necessary. To cut anything approaching \$10-billion off the budget seems an impossibility. The President has already heavily slashed departmental requests, including those for defense. Moreover, the great bulk of the expenditures of fiscal 1953 have already been determined by past appropriations and commitments by the Congress. In previous years the promises of individual members of Congress that the budget would be cut by large amounts have not been realized, and there is no basis on which to hope that cuts will be made of the size required to make tax increases unnecessary.

It has also been argued that revenues will be larger than estimated. Past underestimates of revenue have been largely the result of inflationary price movements. If we are relying on errors in revenue estimates to balance the budget for us, we must be counting on inflation, which

EDITOR'S NOTE: Neither Representative Reed nor Mr. Blough has seen the other's manuscript.

we should, instead, be trying in every way to prevent.

It has also been argued that the economic limits of taxation have been reached. The evidence does not support the argument. The expansion of investment and production attest to the vigor of the economy. The question is not whether the tax load could be borne in normal times; it is precisely because these are not normal times that the tax increases are necessary. It should be remembered, moreover, that the great majority of the people of the United States are much better off today in terms of what their incomes *after taxes* will buy than the great majority were, for example, in 1939 or 1929.

Roy Blough



Are We Facing an Increase in Capital Loans?

CARLISLE R. DAVIS

The author is vice-president of the State-Planters Bank and Trust Company of Richmond, Virginia. He is a member of the American Bankers Association's Credit Policy Commission and of the faculty of The Graduate School of Banking conducted by the American Bankers Association at Rutgers University. In December BANKING he wrote on "Some Hazards of Present-Day Lending."

ARE the commercial banks of this country facing a sizable increase in capital loans to business and industry? Will a surprising number of the present commercial loans of the banks develop into slow, frozen obligations, if banking and business management are not alerted to the problem and do not proceed to find ways to avert it? Many eminent students of economics and finance are greatly concerned about the situation. Some go so far as to say that the greatest single perplexing question of business management today is the question of adequate working capital. If this be true, it is very necessary for bank management to direct its thought and attention to the problem—reducing it to its least common denominator—giving careful consideration to each business loan and its likelihood of becoming a slow capital advance.

But first we should make clear what we mean by a capital loan, since there could be some difference of viewpoint as to just what the term implies.

Definitions frequently are subject to debate but are necessary if there is to be a meeting of minds. Many authorities say that a company to be properly capitalized should have adequate ownership or equity capital (1) to care for the necessary outlay for fixed assets, and (2) also to provide enough working capital to

finance current assets (cash, receivables, and inventories) at the low point of the seasonal movement of the business. If at this low point it is necessary for a company to borrow money from the bank, generally speaking, that part of its bank borrowing represents a capital loan. Shall we accept this definition for the purpose of our discussion?

Of course, capital loans will vary greatly in the degree of risk. For those companies whose carryover is very small in relation to net working capital, the risk may be very little. For those companies having virtually no excess of current assets over current liabilities, the risk may be very great. Capital loans, naturally, are not liquidated in the normal course of the seasonal decline in current assets but are retired through the acquisition of new equity capital. For most companies this new capital comes from the portion of net profits which can be retained in the business after provision is made for income taxes and after the payment of dividends.

How Loans Can Become "Capital"

What are some of the things which cause a loan to become a capital loan?

(1) The volume of business transacted can increase at a more rapid rate than does net worth and working capital.

(2) Working capital can be reduced by the diversion of working funds to fixed or capital assets.

(3) Losses from operations can reduce net worth and working capital to a point below the requirements of the business.

(4) A change in business practices or conditions can cause a slowness in receivables and inventories and a further need for working capital.

(5) There can come a shifting of

the kinds of outstanding debt supporting current assets.

Have any of these taken place in industry and business in the past several years? Are any of these changes occurring now? Let's consider them in order.

Five Changes

(1) Total business transacted has increased materially in the past 10 years—both in units and in dollars. Industrial production reached an all-time high in 1951, reflecting a fairly successful effort to produce guns and butter. Some basic prices declined during 1951 but over-all prices are still very high. For many companies the volume of dollar sales in 1951 reached figures never attained before. Though sales have increased, many companies have not increased their net worth and working capital at the same relative rate. When volume increases at a more rapid rate than does net worth, the balance sheet usually becomes less liquid; and this condition has been reflected by many statements. Further volume increases can take place if we have more inflation, as appears probable, or if there is further disproportionate increase in production as related to net worth.

The larger income and excess profits taxes had an adverse effect on net profits for 1951 and this caused retained profits, according to reliable estimates, to decline below the amount retained in 1950. Few individuals would challenge the guess that net retained earnings, after taxes and dividends, in 1952 will be under the 1951 totals, for the tax take will be materially larger and other costs are rising. Dividends likewise may decline but for many companies which are already undercapitalized there is the prospect of

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Bankers Look to Schools for Personnel

WILLIAM POWERS

In this brief examination of some methods by which bankers hope to interest young people in banking as a career, MR. POWERS has not considered the conventional and more usual methods, such as urging present employees to recommend friends whom they consider suitable for bank employment.

Neither has he included many

other successful relationships between bankers and the younger generation—notably 4-H, FFA, FHA, and the like—which are not intended primarily as a source of future bank employees.

The author is deputy manager of the American Bankers Association and director of its customer and personnel relations.

LAST year, according to public relations men who check up on such things, banking groups sponsored the following activities to improve banker contact with school teachers and students: banking film showings in 35 states, speaking or essay contests in 17 states, speakers bureau service in 21 states, know-your-bank-week programs in 17 states, student tours of banks in 24 states, and cooperation in Junior Achievement projects.

All of these activities have as their main objective the direct delivery of factual information by bankers to young people and their leaders. In addition, these programs serve other worthwhile purposes including improvement of banking's chief source of manpower. About three-quarters of all additions to or replacements in the country's banking staff come from graduating classes of high schools. It stands to reason that any improvement and expansion of our day-to-day relations with students, their parents, teach-

ers, and counselors are bound to increase the interest of young people in entering banking as a career.

Since, in 1952, banks will need a hundred thousand personnel replacements and additions, it is pertinent to review, at least briefly, the possible effects of these "good relations" programs on the prime personnel administration function of recruitment.

Films

There are 19 fair to very good banking films available for showings to student groups, and some of these films are being widely used in the schools of 35 states. They cover a variety of subjects, such as the function of money, personal money management, thrift habits, budgeting, credit extension, operations and services of departmentalized banks, country bank services, correspondent banking, and central banking operations.

One film, *Pay To The Order Of*, is based on the recommendations of

the National Education Association and surveys of a thousand school systems. It presents the four main reasons for using checks; demonstrates the proper drawing and endorsing of checks; and describes the journey a check takes in completing a payment. This film and another called *How Banks Serve*, together with a third entitled *Money Talks* have been particularly effective in building up the interest of students in banking and bank operations.

Essays

Essay contests and speech contests on banking subjects have been participated in by thousands of students, and the experience on the whole appears to have been beneficial to both the banks and the students. But some schools frown on such contests because they are "disruptive to the teaching procedures." And some school leaders strongly disapprove of a student activity in which "so few win and so many lose."

Nevertheless, carefully organized contests designed and operated jointly by bank and school officials in the currently active group of 17 states have proved really constructive as well as instructive. While all participants did not share in the monetary awards, a great proportion of them—through their research and concentrated study of a financial subject—derived a broader knowledge of and developed a livelier interest in banking.

Speeches

No one knows just how many bankers in a given year act as speakers or special instructors or question-and-answer men for groups of students. Bank speaker bureaus do operate in 21 states, but bank speakers (without benefit of bureaus) operate in all 48 states and the District of Columbia—yes, and even in the territories. The constant demand for speech patterns and material that "free lance" speakers present to state associations and the American Bankers Association gives some indication of the great volume of activity that is being carried on under the simple heading of bank speeches.

The quality of many of the speeches and the rate of their effectiveness are probably not of the highest, but there can be no doubt

about an over-all benefit accruing to banks and students. When bankers step right into classrooms as teachers and give answers that are based on broad knowledge and experience, there can be little question about their building student interest in banking—especially in situations where the bankers are pressed by school officials to accept repeated return engagements.

Bank Visits

The Know-Your-Bank-Week programs that have now spread through 17 states are not directly beamed toward students. Invitations to these after-hour, back-of-the-scenes affairs are usually extended to bank customers or the public at large. But many young people accompanying their parents on the bank visits are impressed (usually favorably) with the bankers they meet personally and the things they see and hear back of the counter. Since the start of this type of program only a few years ago, hundreds of thousands of people have gained a more favorable impression of banks and bankers.

Student Tours

Many bankers in the 24 states that now sponsor student bank tours claim that this is the most concrete method of all for building student interest. To assure the success of these tours, the men who operate them follow this little set of what they call principles:

- (1) Plan the tour to fit the age level and class interest of the group.
- (2) Give teachers an outline of the tour in advance.
- (3) Conduct according to a step-by-step plan.
- (4) Spot the tour with a dramatic touch, with some humor, and with a lot of human interest.
- (5) Strive to humanize the bank, convey basic facts, and win confidence.

Then they go on from there with a pattern of procedure covering preliminary arrangements with school authorities, transportation, timing, class levels, group size, demonstration, quiz routine, and follow-up.

Recruitment

Now, what has all this educational activity to do with recruitment? Well, it must be evident that all five

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Our Foreign "Commitments" Irritate Congress

HERBERT BRATTER

THAT this is an election year may explain why so many Republicans in the Congress are complaining about the budgetary and economic burden of our various foreign aid programs. But it does not explain why many Democrats join in the griping.

One of the specific complaints heard is that the Congress is from time to time confronted with *faits accomplis* which require it to appropriate money to "implement our commitments." Particularly in the Senate is there discontent with the predominant role being played nowadays by executive agreements with other countries, which come into force without Senate okay, as against treaties, which need Senate ratification.

SOME Congressmen lately have been deploring the way we were drawn into the costly Korean affair merely by the President's ordering our forces to fight there. Presidents often have used the power to engage in armed conflicts, but never at a cost of over 100,000 American casualties. It is also in the economic sphere that the executive powers have ballooned in recent times. With the consent of the majority of the governed the executive during the first administration of FDR asserted itself in bold, new ways. And not without help from some members of the Congress. Thus, in 1933 at the time of, but not as part of, the World Economic Conference at London, Senator Key Pittman of Nevada—a staunch advocate of getting the Government to "do something for silver" negotiated the London Silver Agreement. That four-year silver-purchase pact was to come into effect by affirmative action by the

signatories. When the agreement was sent to Washington for deposit with the State Department, a careful search of the latter's files failed to reveal any authority granted Senator Pittman to negotiate the agreement. None the less the President, citing the agreement as his authority, by proclamation put the program into operation.

It has become fashionable lately to talk about our Point IV "commitment" to the free world. As fast as possible the executive branch is trying to put this commitment down on paper through agreements with individual countries. Yet in Iran we saw the absurd spectacle of that Government refusing to sign the usual agreement and our Government giving the aid without obtaining the pledges required by the terms of Congressional law.

Like another well known American commitment, the Marshall Plan, which Foreign Secretary Bevin "grabbed with both hands" as soon as it was proffered by our Secretary of State in an address at Harvard University, Point IV from the beginning has been regarded by the candidate countries as an American commitment. And not a few of them would have us know that they view it as a matter of right that the gift of technical aid especially capital goods flow in their direction henceforth and in liberal volume. Anything less than generosity in measuring Point IV aid opens us to the sneering reception we got in Pakistan. "Paltry" and "insulting" was what an official termed our offer.

And this is to go on and on, as long as there are "underdeveloped countries." That "commitment" will run out when our resources run out.

The UNITED STATES and the UNUNITED WORLD

Our Appointment with Destiny

WILLIAM A. IRWIN

This is the second and final part of a discussion by the Economist of the American Bankers Association. At the end of last month's article, Dr. IRWIN said: "There are other factors of assurance in the picture on which it is perhaps unnecessary to dwell now. But enough has been said to demonstrate that, in some respects at least, the scales are in our favor if we choose to keep our appointment with destiny."

ARE there some things we need to fear? There are! One of them is *internal strife*. For far too long already, labor and management have been at each other's throats. The result has been the building up of a class consciousness that should be unknown in America. That this has been fostered by Communist agents is beyond shadow of doubt. That its continuation could bode ill for the future is also beyond doubt. It could have no other effect than to impair our production, hurt our whole economy, and give comfort and encouragement to the enemies of freedom. There is nothing that would please them better. Hence, in place of that strife, there must be built mutual understanding and goodwill if we are to reap the benefits of our productive ability and, by the same token, confound the totalitarians. That such a thing *can* be done is proved by the record in some of our industries. All that we need, therefore, is the application of the same commonsense that has been used in these cases. Management and labor *can* work in harmony if they want to badly enough. All that is needed is the will to do so.

A SECOND thing we need to fear is a *resurgence of isolationism*. It is within the realm of possibility. Some of our European friends have lately furnished us with reasons for retreating behind a wall and letting them settle their fate as best they may. For example, they have seemed very critical of us and thankful to us for all the help we have given them in the past five years. There are reasons—from *their* viewpoint *good* reasons—for this. What are some of them?

Well, they think of us as "Johnnies-come-lately" on the European scene, who presume we know all the answers to problems with which *they* have been deeply concerned for a thousand years. Some of our touring folk just give Europe a once-over and blandly prescribe a United States of Europe as an overdue and a surefire remedy for all the economic and political ills

of that bedeviled continent. It's just as easy as that! Yet these quack prescriptionists do not seem (to Europeans) to have given due consideration to Europe's lack of raw materials compared with America's abundance, to their differences in currencies, to the barriers of language (a continental Tower of Babel compared with our blessed continent), to multiple sovereignties, to vested economic interests within each of these sovereignties, to overcrowding, and to their imperative need for export markets. What, they ask in sheer astonishment, what are we thinking about? Don't we see the problem *in toto*? Or are we just a nation of economic and political adolescents, conscious only of our own success under different circumstances and enjoying a power the roots of which we do not understand? They, too, have sensed the possibilities that lie in continental cooperation. They, too, have dreamed of an economically united Europe. But they *know* the obstacles to its achievement, and we just gloss them over with an impatient gesture and an ill-considered prescription. They (they say) are old at the European game. We (they say) have the typical cocksureness and arrogance of youth.

Swaggering Resented; War "Fever" Feared

Again, they resent the swaggering exhibitionism of many American visitors among them. This is not a matter of imagination on their part, as many a soldier from two world wars or many a tourist can testify. Europeans often *show* this resentment; more often they save their comments for the ears of those other Americans who seem to have both a sense of proportion and the manners of gentlefolk.

Still again, at the present time our European friends do not share our opinion that war with Russia is either imminent or inevitable. They have been the close neighbors of a Russia under Czars and Stalin for centuries. They think they know what to expect, and they just don't expect war. Some of them—public figures at that—have even been carried to the extreme opinion that there is as much danger of war being started by the new power sense of America as by the imperialistic ambitions of the Soviet Union. Many Europeans think that our aid to them has been partly, even if not primarily, prompted by a desire to have useful military

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The Responsibilities and Opportunities of Bank Directors

WILLIAM A. LYON

MR. LYON is New York State Superintendent of Banks and chairman of the executive committee, National Association of Supervisors of State Banks. He recently spoke on this same subject at a management conference for directors and trustees of Vermont banks, sponsored by the Vermont Bankers Association.

THE greatest wastage of natural resources that we have, if not in the whole country, then certainly in the banking business, is to be found in our failure to make more effective use of our bank directors. Our 14,000 banks have perhaps 100,000 directors all told. We are not drawing as well as we might on the ability of all these directors to shape policy and improve operating performance. My observation is that we should in many instances give directors a more active role in forming policy and that we should in other instances give them more carefully prepared information for use in deciding on a course of action so that impulsiveness can decline and reflectiveness grow.

Sights Are Set

There is a large and stimulating literature on bank directors. I shall not try to distill all the best that has been thought and said about bank directors in such a way as to make unnecessary a study of the standard works on the subject. Instead I propose to point out only a few aspects of the relationship of directors to banks and of banks to directors. Beyond that, I wish to call attention to two matters of present moment that directors would be well advised to consider with the thoroughness which, according to the

argument I am about to make, is an earmark of a good board. The two subjects are interest rates and internal audits. This will be a modified case method of discussion, in which we pass back and forth from the general to the particular.

A Basic Truth

In bank supervision it is a truism that a badly run institution and a good board of directors are a contradiction in terms. There is the same degree of truth in the parallel proposition that good boards of directors are always found where capable managements are. I ask you not to think less of these statements because they seem on their face to be self-evident. For all of their obviousness there is much to ponder in both sayings. Directors who are men of affairs and have some experience of the economic and financial world are simply not going to put up with a shoddy job on the part of management. Either management is helped to do a better job or the directors resign and cease to direct.

The reverse of the coin is that able managements steer clear of proposals to fill vacancies on boards with second-rate talent, for able managements have an appreciation of the value of well grounded and conscientious directors. It is inconceivable that a president or chairman of a high level of capacity would frivol away his chance to get a genuinely top-flight adviser on his board by suggesting the election of a new member whose chief recommendation was that he was a relative or a man quick with an aye vote.

In the Banking Department of New York State we strongly recom-

mend that the number of officers and counsel sitting on the board of directors, especially of a mutual banking institution, be held down to seemly limits. We do not think that the managerial members should be in a position to turn board meetings into a ritual of passing on their own acts. The value of directors very often is that they are able to bring a more objective, detached point of view to the discussions of institutional policy.

Rubber Stamp Boards

We all know of "strong," imperious presidents who want directors to approve the acts and recommendations of management, and no nonsense about it. Who is not familiar with board meetings that regularly take up not more than 15 to 20 minutes, a period that is usually sufficient to permit the members to repeat Aye several times and the president's or chairman's self-esteem to be nurtured? I have begun to wonder whether we should not restore minutes of board meetings to their rightful function of recording not only the texts of resolutions and notices of other actions taken but also an account of the main points advanced pro and con in the discussion of proposals considered. Perhaps it might also be well to encourage the practice of making note in the minutes of the length of meetings. Long meetings would not necessarily mean full discussion, considering the ingenuity of men in making small talk take the place of serious talk. Short meetings, however, would pretty clearly indicate insufficient discussion and reflection given to genuinely important matters.

Professionally, I own up to being

interested in the manner in which the contents of examination reports and transmittal letters are made known to directors. We come across evidence rather too often that managements, instead of first making known, without argument, the supervisory recommendations, will leave the gist of the supervisory comments to be inferred from the refutations offered to them. Repeatedly we discover that directors have not really delved into the examiner's observations about and classifications of loans.

Examination Reports

When we send out an examination report to an institution we notify the directors that it has been sent and ask the institution to let us know that the report has been presented to them. Frankly, we are beginning to wonder if that is enough. We are thinking about requiring that directors sign an instrument declaring that the report has been laid before them and they are familiar with the contents. Instances have come to supervisory attention of directors contending they never knew that large loans which had gone bad had been classified in examiner's reports. Sometimes directors are surprised to discover, after it is too late, that the examiner's report recorded the fact that certain loans had been extended at maturity. We are wondering whether directors who don't ordinarily take the trouble to find out what is in an examiner's report would be moved to do so before they put their names to a paper saying they were familiar with the report's contents.

Getting Full Value

Supervision and examinations cost the banks of the country a fair amount of money. It seems elementary to me that they should try to extract all of the value there may be in the examination reports and other supervisory suggestions and admonitions. Directors who take their work seriously will regard the examination reports as offering an opportunity to check their own estimates of management performance with the opinions of an agency which has no axe to grind and seeks only to promote, through banking, the public interest.

Anyone who has had boards of directors under observation for a



William A. Lyon

time knows that their character differs from institution to institution. The directors who conceive it to be their role to hold up the hand of the president in all cases and at all costs are usually to be found on boards headed by a presiding officer, who, not by coincidence, has the same view of what is expected of a director.

Another Extreme

Not all the fault is to be laid, however, at the door of the boards that are unvaryingly amenable to management suggestion. At the other extreme there are occasionally boards that sweep management along with them in a display of emotionalism and even combativeness. They are the directors who feel themselves carried away by the spirit of the occasion, who display that extra measure of aggressiveness that comes from group assemblages.

A Case of Excess Zeal

A number of examples of excesses of directorial zeal contest for the right of inclusion in this paper. I take a few at random. A few years ago members of one board that I know about tried to push the institution's chief executive into an unbecoming and unwise position by suggesting that his courage compared unfavorably with his predecessor's. Here was a board that had got out of character, that had got the bit in its teeth, that had not proved to be a source of careful review and balanced judgment.

Boards have been known also to have taken a hand in the wave of

rate increases on thrift deposits that have been sweeping over some parts of the country. Managements occasionally tell of boards that have picked up the ball in considerations of deposit rates and run away with it. There are times when boards do not seem inclined to wait for the facts to be put before them. They rush ahead to conclusions that grow more out of the "Are we men or mice?" kind of thinking than anything more substantial.

The Paragon

The best bank director would be that paragon who had much learning about banking, finance, credit conditions, economic history, and public reactions and who had reinforced his learning with practical experience. If he lacks such matchless qualifications—and how many fortunate persons have them all?—the next best thing is to have a sense of his own limitations in theoretical knowledge and practical experience. With intellectual humility of that sort a bank director can be pretty sure he will make no serious mistakes of judgment. Unless he makes it an invariable rule to dig deeply into all important policy matters, he can expect to make the mistakes of judgment that grow out of impulsiveness.

Deposit Rates

Let us see how this works. As so often happens in booms, we find signs on all sides of banks bidding for time and thrift deposits by quoting higher rates. The question that most boards have to deal with is whether, or to what extent, they should join in this trend. This is the first of those two matters of present moment facing boards of directors that I spoke about earlier.

At this point boards of directors could very well begin to take their bearings with the greatest kind of care. The rate increases on time and thrift deposits that have been going on around the country contain painful echoes of the 1920s. You might well say that the original vicious circle in banking revolves around interest rates. Higher rates put banks to the need for finding higher yield assets. This means incurring greater risks of loss. Competing institutions are commonly impelled to meet this rate increase, which makes the originator feel that he must boost his rates again. And this

means a search for assets offering still higher yields, and so on and so on.

When boards of directors find proposals for rate increases coming before them I think that is the time for them to take their coats off and go to work. The very last thing for a board to do is to give in to the impulse to pay a rate because some other institution pays it—often some other institution of another type with different liabilities and earning power. A good way to start is to look at the several claims on the earnings dollar, namely, those arising from the staff, from stockholders, and from depositors. Beyond a certain point for thrift rates the other two interests would be put in a position of subsidizing depositors.

Directors and Rates

If the thought of higher rates springs from what other types of banking institutions are paying, a director who takes his job seriously will want to have an analysis made of relative ability to pay. He will insist that consideration be given to such things as the differences between the deposit liabilities of commercial banks and savings institutions; the relative activity and inactivity of deposits in the different types of institutions, with all that means for maturity and earning power of assets, and the higher liquidity needs, making for lower yields on assets, that go with the more active deposits.

An alert commercial bank director will sense the need for giving weight to the fact that reserves against deposits, which reduce earning power, are required only of commercial banks since only they are creators of money. Out of the discussion may well emerge the fact also that on the average it costs nearly as much again to operate a commercial bank as a savings institution.

Rate "Principles"

Directors are attached to banking institutions as a means, among other things, of helping to get banking questions in their proper focus and perspective. In the matter of deposit rates it seems to me that directors will get around in rate discussions to a set of principles that includes these two points: The rate paid should be related to an institution's own innate ability to

pay, rather than to what competitors of the same or another type are paying; and, second, only genuine savings and thrift funds are entitled to the full rate. Large accounts that are likely to be temporary or are traceable directly or indirectly to corporations should be denied the benefits of the thrift rate.

Directors Should Lead

Is it expecting too much of directors to say that they might discuss in an informed manner the several aspects of a proposal to change interest rates? I don't think so when one takes into account the fact that the directors who are also officers should lead the discussion and should bring up, themselves, the matters that don't occur to other directors. Yet distinctly more than once have I known of commercial bank directors in recent weeks taking the position at the outset of the discussion at board meetings that the rates paid by savings institutions should be matched exactly or the thrift field abandoned entirely. That's the kind of thing big retailers sometimes go in for: "Doakes will not be undersold." However appropriate that slogan may be for department stores, it is unacceptable for banking institutions handling other peoples' money.

What we need in banking is the kind of directorate that works hard at its tasks, the kind that worries a subject until its true inwardness has been exposed, the kind that will have no truck with superficiality, either on its own part or that of the management.

"Ceremonial" Value

I have a friend, a well known industrialist, who has had some experience with banking boards of directors. He has compared notes with directors of other banks and has concluded that banking tends to look on directors as having a sort of ceremonial value, on the one hand, and as having, frequently, names that confer prestige on the institution, on the other. That is about the sum of it, he feels. His experience and observation convince him that banking makes no real effort to use its directors. He believes that bank managements seldom try to keep directors broadly and deeply informed about the affairs of the institutions on whose boards they sit. He thinks that policy matters

are not often brought before the board at an early enough date and in such exploratory fashion as to give directors a chance to help in hammering out programs of action. By the time policies come before directors, managements have submitted something for approval. It is not discussion looking toward improvement or reconsideration that is sought but, rather, validation. Directors who have been provided with the facts and figures necessary for passing judgment on a proposed policy are not likely to fall back on emotionalisms as justifications of courses of action.

Compared with Industry

In all this, my industrialist friend believes, banking has definitely fallen behind industry in the value it derives from directors. He is rather of the mind that he will not continue to serve as a bank director unless he is a director in fact as well as name. In this I am with him. Directors should not acquiesce in any arrangement which casts them in the role of figureheads or which looks on a desire to discuss or disagree with a management proposal as a hostile or treasonable act.

In some states the statute plainly sets forth the fact that a bank is in the hands of directors and it is they who are primarily responsible for its affairs. That is where the decisions should really be taken. A president who can see one of his pet projects manhandled by his board without considering himself badly used and in effect repudiated is the type of president any director should like to be associated with.

Management's Duty

I say boards should discuss policies thoroughly, and I hasten to repeat that unless they have the economic background and legal studies from which alone sound decisions can be taken, all the discussing will be time wasting and amount to nothing more than blind wandering in the realm of banking. The materials for discussing and judging should come from management. Directors everywhere should see to it that management provides them.

I come now to my second matter of present moment for directors—internal control and audit procedures. Any board which begins to delve seriously into this field can't

(CONTINUED ON PAGE 111)

METHODS and IDEAS

Operations . . . Staff Training . . . Promotion . . . Public Relations

This department is edited by
JOHN L. COOLEY of BANKING'S staff.

Saturday Training for High School Seniors

THE HARTFORD-CONNECTICUT TRUST COMPANY, at Hartford, finds that a Saturday morning training class for high school senior girls is a good source of permanent personnel. The program, Assistant Treasurer James A. S. Wallace tells BANKING, works so well that the company is considering the addition of several juniors, whom it now employs after school, to the next class.

The project started during the 1950-51 school year with 10 seniors who had been working at the bank two hours each school day after-noon at miscellaneous duties. The plan for a four-hour training class on Saturday mornings, at an hourly pay rate of \$1, appealed to the young people and the group was organized.

It was decided to keep the instruction on an informal basis, with time out for refreshments, a respite that also afforded the students a chance to discuss with their instructors (experienced bank people) not only their work but also the opportunities in a banking career.

Mr. Wallace, who is in charge of personnel, spoke briefly at the first session about the benefits available through bank employment. Then the local representative of an equipment manufacturer gave an interesting talk about his bookkeeping and adding machines.

The bank had prepared, in advance, a set of debit and credit entries, together with corresponding customer statements, and after the machines had been explained each student got a set of checks to be run.

The girls were told that they were to be timed and that a performance record would be kept as a means of measuring their proficiency during the course. "It was interesting," Mr. Wallace comments, "to watch the competitive attitude displayed." Then the daily bookkeeping operations were carefully outlined, with the aid of the entry and statement kits.

After six sessions, the bank transferred three trainees from the bookkeeping machines to the proof machine.

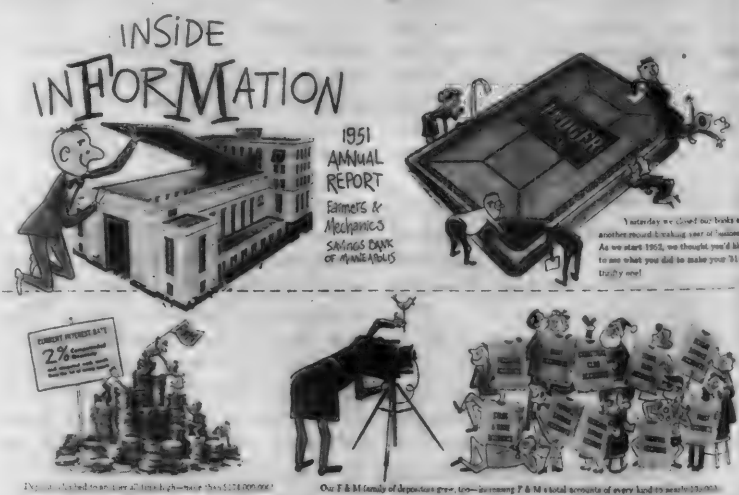
At present the three are still on the proof machines, and are regarded as good operators. The bank lost one of its bookkeeping trainees because of illness and another returned to school. The remaining girls are now "much better than average" permanent staff members.

The results have been "very gratifying," and the bank hopes a similar class can be started this spring. Frankly, the prospect of enrolling high school seniors isn't quite so bright as a year ago (many other business positions are open); but the HARTFORD-CONNECTICUT thinks it may be able to interest its current part-time juniors in enrolling. They, of course, would not be available for permanent employment until 1953.

A Simplified Trust Accounting Statement

HOW THE FIRST NATIONAL BANK OF CHICAGO's trust department devised a trust statement which the average customer could easily understand was reported to the A.B.A.

The annual statement of the Farmers & Mechanics Savings Bank of Minneapolis was published in the local newspapers as a four-color ad which used the cartoon technique to present highspots of 1951 operations. The reproduction below represents about half of the advertisement; unfortunately space limitations made it impossible to show the other points similarly covered: FDIC insurance, mortgage loan business, growth of the bank's surplus, and the assets figures for "another record year"



Mid-Winter Trust Conference by Thomas H. Beacom, vice-president of the bank.

"We were much concerned about the statements we were sending to our beneficiaries," he said. "They were black photostats, hard to read, and full of mystic abracadabra that was useful to us but meaningless to our customers. We concluded that most trust accounting systems (including our own) were designed to simplify internal controls; most machines were operated to assure accuracy of records and permit prompt handling of collections and remittances. The customer got what was left as a by-product of the accounting system.

"We reversed our thinking to the extent of aiming originally at a statement which the average customer could understand. We then adapted our internal procedures, wherever necessary, to accommodate them to the objective we had set. Oddly enough, we found that we did not have to make any material changes in our internal procedures nor add anything to our costs in order to get out the kind of statement most customers could understand.

"We eliminated practically all abbreviations. We did away completely with symbols and mysterious signs that formerly, for purposes of internal operations, we had frozen into our addressograph plates. We quit showing the carrying values of securities, and instead adopted the practices of furnishing a simple list of holdings without any dollar tags on them. . . .

"Nothing we have ever done to try to improve customer relations has done so much for us as this simple accounting statement. It looks like a typewritten job. It is on standard letter-size paper, with no ruled lines, no printed headings. It is given out in a leather ring-binder holder. The first page is a summary for the period reported; the details are shown on succeeding pages. Any one who can read can understand it."

Honor System

THE CENTRAL NATIONAL BANK of Yonkers, New York, caught newspaper editors' fancy with its make-your-own change service.

Page 1 stories and pictures told
(CONTINUED ON PAGE 100)

★ Savings from Little Things ★

HERBERT R. COREY

Last month MR. COREY, assistant comptroller of The First National Bank of Boston, reported several small operating changes that had resulted in economies at his bank. Here is the concluding instalment of his article.

Dividend Check Procedure

OUR corporate trust and transfer division issues approximately 2,000,000 dividend and registered bond and interest checks a year. The volume of such checks lost or mislaid approximates 3,400 a year. In the past, when a customer claimed that a dividend or registered interest check had not been received and investigation revealed that it was outstanding, a letter of indemnity was sent out, and the customer was requested to sign and return it. Payment was stopped on the original check; and when the letter of indemnity was returned to us, a replacement check was issued.

To provide faster service and to streamline our own procedure, we designed a dividend and registered bond interest replacement check with an indemnity clause printed on the reverse side. We have thus eliminated the need for obtaining separate indemnity agreements on lost checks of less than \$100 except, of course, where the check is payable to a bank for credit to the customer's account. In such a case the indemnity clause on the check is waived, and we continue to have the registered owner execute a separate indemnity agreement.

We also discontinued placing stop-payment orders on lost dividend and registered bond interest checks of less than \$30. (Incidentally, about 80 percent of the lost checks are in that category.) In the very rare cases where an original check is subsequently discovered in reconciling, we have experienced no trouble in obtaining an adjustment.

These changes have resulted in savings of roughly \$2,000 a year.

Statement Symbols

Like many banks, we use symbols on our customers' statements to

describe certain entries originating in the bank. It was formerly the bookkeeper's job in the statement-posting operation to determine what symbol, if any, should be used for each internally prepared ticket, and this presented them with a problem and slowed up their work.

Because of the similarity in appearance of tickets, our bookkeepers had to examine them and oftentimes interpreted them incorrectly, thereby using either (1) the wrong symbol, (2) a symbol when one should not have been used, or (3) no symbol when one should have been used—a situation that was confusing to our customers and detrimental to the accurate figuring of service charges.

To provide positive identification of entries and to curtail the time formerly spent in examining tickets, we now print the appropriate symbol (or if no symbol is to be used, the words "Bkpr's symbol—NONE") in the upper right-hand corner of our internal ticket forms. In printing the symbols on internal tickets we made only a minor change, and yet we obtained worthwhile results.

Saving 1,000 Man-Hours

In issuing register checks it has been part of our tellers' procedure to impress their identification stamps on the customers' stubs and on the bank's internal register copy. This separate operation seemed like a waste of effort, and the unnecessary procedure became of particular significance when viewed in the light of a million register checks a year.

We are now having a branch office or department identification number set into each protectograph machine so that the number will print as part of the impression. When this small change is completed, we will save the time now required to make 2,000,000 rubber-stamp impressions each year.

Tests show that it takes a teller between three and four seconds to perform the stamping operation. On that basis, our annual saving should be about 1,000 man-hours. Of even greater importance, however, will be the faster window service.



X-Million Opportunities for Better Letter Relations

WILLIAM H. BUTTERFIELD

Banks have letter relations with their customers and the public running into several hundred million contacts a year. Here's how to make the most of them.

The author has been a frequent contributor to BANKING for several years, and is currently working on a series of articles of which the one that follows is the third. He is a widely known authority, teacher, and writer on the subject of business correspondence.

A PAGE from the *Correspondence Manual* of The Detroit Bank, Detroit, Michigan, offers a sound, realistic approach to bank correspondence:

Did you ever stop to think how important are the letters you write? They are important to you as an individual and to the bank you represent.

A letter is your official, written statement on behalf of the bank. It endures forever. Once sent, it cannot be retracted or recovered.

Letters reflect the pride that you take in your job and in your bank. The careless letter always discloses two careless employees—the person who typed it and the person who signed it. Both are responsible for it!

In business, slipshod methods lead only to disaster, both to the person and to the business. Your letter takes the bank directly into the homes and offices of all addressees. What the recipient thinks of you and of your bank may rest solely on the quality of that single letter. Make quality count! Make letter perfection your aim!

Every message written on the letterhead of your bank has an effect—good or bad—upon its public relations. The letter with a friendly, human tone helps to build goodwill for your institution. The letter that sounds pompous and stuffy only seems to confirm the old belief that banks are cold-blooded institutions devoid of any human element.

The letters of many banking institutions, unfortunately, sound as if their writers considered personality an unpardonable weakness. Here are excerpts from two bank letters in current use:

It has come to the attention of the writer that you are among the new depositors of this bank. You will find every modern banking facility employed here to assure a highly efficient method of operation.

* * *

It is with a feeling of regret that we note you have

closed your savings account in this bank. Should this action on your part be due to any shortcomings of services rendered, it will be appreciated if you will bring the matter to the attention of the writer.

Both of these examples are from letters intended as goodwill builders—the first from a “new account” message and the second from a “closed account” letter. Each message represents a bank that considers customer goodwill important enough to warrant a systematic follow-up by mail. But in each case the investment in public relations is falling far short of its potential value. This situation is duplicated in banks all over the nation because poor letters are “muffling” good opportunities.

A marked improvement in the quality of bank public relations letters can be achieved through the observance of 10 simple rules:

(1) Personalize each letter by using the reader's name in the salutation. Avoid the stilted *Dear Sir* or *Dear Madam* and use *Dear Mr. Watson* or *Dear Mrs. Brown*.

(2) Practice “word economy” by using simple, direct language. Avoid the costly habit of using four or five words to do the work of one.

INSTEAD

in the near future
due to the fact that
at a later date
in the event that
it is quite probable
at an early date
at the present writing

SAY

soon
because
later
if
probably
soon
now

(3) Avoid “horse-and-buggy” language. The old correspondence “chestnuts” have no place in modern letter-writing. Here are a few examples:

avail yourself of the opportunity
enclosed herewith please find
in this connection please note
merit your kind attention
the pleasure of your valued patronage

(CONTINUED ON PAGE 114)

BANKING'S

Forum in Print

1952

• *Citation Awards* •

First National Bank of Arizona, Phoenix*
Security-First National Bank of Los Angeles, California
American Trust Company, San Francisco, California
Bank of America N.T. & S.A., San Francisco, California*
The Colonial Trust Company, Waterbury, Connecticut
The Lee County Bank, Fort Myers, Florida*
American National Bank at Indianapolis, Indiana
Equitable Trust Company, Baltimore, Maryland*
Union Bank of Michigan, Grand Rapids, Michigan
Boatman's National Bank, St. Louis, Missouri
Mercantile Trust Company, St. Louis, Missouri
Franklin National Bank, Franklin Square, New York
The Chase National Bank, New York, New York
First Trust & Deposit Company, Syracuse, New York
Tarrytown National Bank & Trust Company, Tarrytown, New York*
Central National Bank of Cleveland, Ohio
City National Bank & Trust Company, Oklahoma City, Oklahoma*
Federal National Bank, Shawnee, Oklahoma
Western Saving Fund Society, Philadelphia, Pennsylvania*
Providence Institution for Savings, Providence, Rhode Island
First National Bank in Dallas, Texas*
Republic National Bank of Dallas, Dallas, Texas*
Second National Bank of Houston, Texas*
American State Bank, Lubbock, Texas
University National Bank, Seattle, Washington
Cudahy State Bank, Cudahy, Wisconsin
Bank of Montreal, Canada

* Selected by the judges for presentation in BANKING

BANKING'S Annual Forum in Print

on the Advertising and Sale of Bank Services

BANK advertising is not only keeping up with the times but is making up for lost time. Bankers like to feel today that their advertising is undergoing an historical change, just as basic, let's say, as the change in bank architecture, and for the same reason—more effective merchandising of more bank services to more people.

The purpose of BANKING'S "Forum in Print" is to tell the world what is happening in this dynamic field of selling, by bringing together the newest and the best in bank advertising from all over the country during the past year.

It is easy to recall what bank advertising was like a number of years ago. It was probably criticized more than it deserved for being dull, unimaginative and ineffective, but it deserved plenty. Many critics continue, from habit, to make the same comments today, although even a casual observation of bank advertising will show what is happening as a result of the broadening of bank services and the increasing competition for the minutes and half-minutes of the public's attention.

Reflected in bank advertising today is an unmistakable trend toward friendliness and closer relations between banks and the family. Strength and safety are still a favorite theme but the emphasis today is less on the dollars-and-cents angles and more on goodwill and helpfulness in connection with savings, trust services, checking accounts and loans for all purposes.

Almost 200 banks submitted their best advertising ideas (either one or two of them per bank) of the year 1951. This was approximately double the number in last year's Forum. The exhibits were set up at the

Advertising Club of New York for a period of two days, and, for the first time, the public was invited to examine the entrants and express its opinion of the best.

Certificates of award have been given to 27 banks whose advertising was considered best by the official judges. Although it had been determined to select 25, ties required the inclusion of two more. The judges also indicated which 10 of these 27 should be represented in this month's BANKING. The entries so chosen appear on the pages that follow. They are arranged in alphabetical order (as they are on the preceding page) according to state and city. In the limited space available it has been possible to present only a small example of each exhibit.

The exhibits were divided into three groups, according to size: those with \$25,000,000 deposits and under; those with deposits of between \$25,000,000 and \$100,000,000; and those whose deposits are over \$100,000,000.

BANKING'S group of distinguished judges for this Forum were: J. E. Drew, director of public relations, Lever Brothers Company; Mrs. Denny Griswold, publisher of *Public Relations News*; Darrell B. Lucas, chairman, Department of Marketing, New York University School of Commerce, Accounts and Finance; John B. Mack, Jr., deputy manager, American Bankers Association, in charge of the Advertising Department; Howard K. Nixon, associate professor of Advertising, The Graduate School of Business of Columbia University; Thomas J. Ross, member of the firm of Ivy Lee and T. J. Ross, public relations consultants; and Frank M. Totton, vice-president of Chase National Bank.



Several of the Forum judges appear in the photograph at the left. Standing together in the foreground, left, are A.B.A. Deputy Manager John B. Mack, Jr., and Chase National Bank Vice-president Frank M. Totton. In the center, wearing glasses, is Professor Howard K. Nixon of Columbia University. Just visible behind Mr. Mack is Thomas J. Ross, partner in Ivy Lee and T. J. Ross. At the right, discussing the exhibits, are Lever Brothers' Public Relations Director J. E. Drew and Mrs. Denny Griswold, publisher and editor of *Public Relations News*.



Left: First National Bank of Arizona President Hugh C. Gruwell talks over ranch recipes with authors, after agreeing to finance a book on the subject. *Right:* An Industry-Education Conference at Arizona State College. The bank was a cosponsor

Below: Staff members Norman E. Miller and Vernon L. Suter are a two-piano team with a wide reputation in the Southwest



An Extra Measure of Community Leadership

First National Bank of Arizona

FIRST NATIONAL BANK OF ARIZONA, PHOENIX—one of the first 10 in last year's Forum competition, also—enhances its reputation and builds goodwill through the participation of its officers and employees, and of the bank itself, in community activities and public projects.

In addition, during the past year, says Vice-president George V. Christie, "we have concentrated on teaching the fundamentals of pleasantness to our people. Beginning with billboards around the state which say only: "You'll enjoy dealing with First National Bank of Arizona," we have tried to impress the public through our advertising, and our staff through meetings and example, with the necessity for pleasantness if our bank is to grow."

Below, left: At the bank's first TV program. In the center are President Gruwell (standing, left), Vice-president Christie (seated), and TV Station President John Mullins. *Below, right:* A lobby display of bookkeeping equipment, with Vice-president J. H. Brahm, Chief Clerk Norman Miller, and Salesman John Frye



RANKING

1. Salute to Schools

Lee County Bank, Fort Myer, Florida

IN order to promote better relations with the local schools and to acquaint potential winter visitors with the excellence of Fort Myers' school system, the Lee County Bank ran a series of advertisements in newspapers, similar to the one shown. Pictures and copy described "Florida's finest high school," "largest agricultural class," a school band, manual training classes, school athletics, courses in domestic science, a school Pan-American club, and the PTA.



Lee County's school bus deals with pupils from Island homes. The waiting bus, in background, takes them to Santa Grande school.

Only Sea-Going School Bus in the Nation Brings Pupils From Lee County Islands

Modern educational facilities are available to those living in every part of Lee County. A school bus even goes out daily to collect young island children and transport them to the Santa Grande school building and to the children. As far as is known here, this is the only school bus service in the United States.

The first school in Santa Grande was started in 1912 in one room of a private home. Mr. W. T. Tamm was the teacher for the no schedule children on the island. In 1914 a small school building was erected and A. C. Stalling was appointed principal.

The present Santa Grande school was built in 1925, with C. E. Gentry as its first principal. It now has seven teachers and 115 students enrolled in first through fourth grades. Arthur E. Gentry is the principal. The school has a gym and a large room and library. The auditorium is equipped for modernized work. A well-lighted basement with classrooms for special study is in the athletic program. A building on the school grounds is used by teachers for living quarters.

Capt. Peter Nelson, who arrived at Abaco in 1870, described the present school site there and a one-room building was erected there in the 1880's. Some of the early teachers were Miss Louise Hinkle, Miss Margaret Vander, Miss Mary Wingo, L. D. Baskins, Miss Corde Hart and Miss Kate Wingo. About 1900 a three-room school was built. In 1912 the elementary school was built, and in 1917 the high school was added with Charles A. Hesse as principal. There are 18 teachers at Abaco with 200 pupils. Arthur W. Baker is principal.

The first Santa Springs school was opened in 1903 with G. M. Vander as teacher. The name of that time was known as Silver, the name was changed in 1912. In 1921 a brick school was built and it was enlarged in 1927. There are four teachers at Santa Springs with 151 students. Hubert Shurtler is principal. The school has a library, manual arts shop, first and room and an auditorium with music program.

The first school building was built at Fort Myers Beach in 1929. Miss Louise Vander was the teacher. In 1936 the present Beach School was built. Mrs. Clara Harris was the first principal of the school. In the summer of 1940, the beach school was consolidated with 110 Beach school, Mrs. Edna W. Tamm was

transferred from the beach school to principal of the Fort Myers beach school. There are six teachers and a large room at the Beach School. It has five teachers and 130 pupils.

Sandbar had its first school in 1900 when it had Principal taught a few students in one room built by friends on land owned by the school board. The present school building was erected in 1927. There are 10 teachers and Mrs. E. W. Harris teach 13 students, from Sandbar and Captiva islands, in the first to sixth grades.

Lee County School Buildings

Year	Principal
1900	John A. Tamm
1901	John A. Tamm
1902	John A. Tamm
1903	John A. Tamm
1904	John A. Tamm
1905	John A. Tamm
1906	John A. Tamm
1907	John A. Tamm
1908	John A. Tamm
1909	John A. Tamm
1910	John A. Tamm
1911	John A. Tamm
1912	John A. Tamm
1913	John A. Tamm
1914	John A. Tamm
1915	John A. Tamm
1916	John A. Tamm
1917	John A. Tamm
1918	John A. Tamm
1919	John A. Tamm
1920	John A. Tamm
1921	John A. Tamm
1922	John A. Tamm
1923	John A. Tamm
1924	John A. Tamm
1925	John A. Tamm
1926	John A. Tamm
1927	John A. Tamm
1928	John A. Tamm
1929	John A. Tamm
1930	John A. Tamm
1931	John A. Tamm
1932	John A. Tamm
1933	John A. Tamm
1934	John A. Tamm
1935	John A. Tamm
1936	John A. Tamm
1937	John A. Tamm
1938	John A. Tamm
1939	John A. Tamm
1940	John A. Tamm
1941	John A. Tamm
1942	John A. Tamm
1943	John A. Tamm
1944	John A. Tamm
1945	John A. Tamm
1946	John A. Tamm
1947	John A. Tamm
1948	John A. Tamm
1949	John A. Tamm
1950	John A. Tamm



Free School Booklet

This is the last advertisement in the series on Lee County schools. The entire series is being published in booklet form and will be distributed free to those who wish them.

Fort Myers, Florida

☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆ Member FDIC ☆☆☆

☆☆☆ The Bank of Friendly Service ☆☆☆☆☆☆☆☆☆



Miss June Martin doesn't have to worry when a black cat crosses her path. She has a savings account at The Lee County Bank to provide her good luck.

Let A Savings Account Provide Your Good Luck

Have you any friends who were "lucky" to find a good bargain or an unusual business opportunity? Investigate and you will find that they made part of their luck by having the money already saved.

If you want your luck to be good, visit The Lee County Bank and open a savings account. By systematically depositing a certain part of each allowance or pay check you will soon build up a fund that will help good luck to come your way.

Additional Safe Deposit Boxes
The Lee County Bank has installed 100 new safe deposit boxes. Having this room in the bank is a real advantage. A special room, inside the bank, has been reserved for service. Please call on the bank if you need this service, please call on the bank.



☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆☆ Member FDIC ☆☆☆

2. Savers Can Ignore Superstition

ANOTHER Lee County Bank ad series had the theme exemplified in the copy at the left. Other advertisements used such superstitions as walking under a ladder, using a horseshoe for good luck, breaking a wishbone, finding a four-leaf clover, and opening an umbrella indoors. Also in this series were thrift ads geared to special dates—Hallowe'en, Armistice Day, Thanksgiving, Christmas.

All Services for All People

**Equitable Trust Company
Baltimore, Maryland**

I'm a teacher...

EQUITABLE savings pay for
my vacations

There was a time when I never took a vacation because I never had enough money.

Now I have a savings plan with Equitable. I have a regular income from my savings plan. I can take my vacation now. I can take my vacation now.

At Equitable, I can get a savings plan that will pay for my vacation. I can get a savings plan that will pay for my vacation.

Visit your nearest Equitable Trust Office.



To the Applicant Person: This is one of a series of advertisements designed to promote general and advance the services of Equitable Trust. You can keep this campaign by telling your customers and friends to look for Equitable advertisements in local newspapers.

I'm a doctor...

I've named The EQUITABLE
as executor and trustee

No one knows better than I the uncertainty of life.

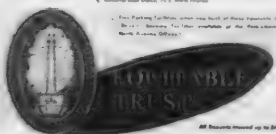
That's why I've made sure my wife and children will be taken care of after I'm gone... by naming The Equitable my executor and trustee.

I'll never forget the relief I felt the day I sat down with my lawyer and one of The Equitable's Trust Officers and completely planned my estate.

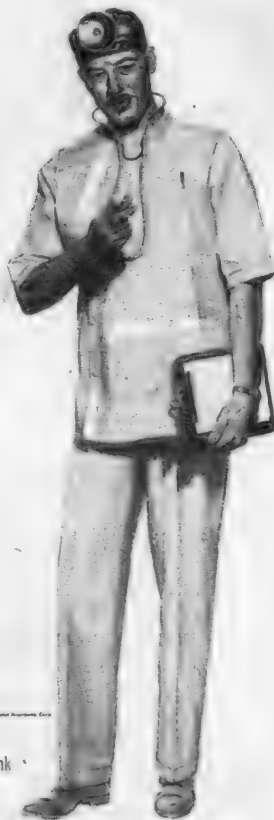
If you want the same kind of satisfaction I have... of knowing that experienced people are handling your affairs... I'd advise you to discuss your estate situation with once-lawyer and an Equitable Trust Officer. They helped me... and I know they'll help you.

Visit your nearest Equitable Trust Office

- New York Office, 100 Broadway
- New York Office, 100 Broadway
- New York Office, 100 Broadway
- New York Office, 100 Broadway
- New York Office, 100 Broadway
- New York Office, 100 Broadway
- New York Office, 100 Broadway
- New York Office, 100 Broadway



It's businesslike to consult your bank



This campaign of the Equitable was designed to promote all the bank's services to all the people. Each ad was "personalized" with a drawing of some occupational type—a welder, a housewife, a salesman, a businessman, as well as the two examples here. Services advertised were savings, trust, checking, safe deposit, mortgage loans, auto financing, and commercial loans. The campaign is reported to have drawn more comment and better results than any previous series by the Equitable.

AGENCY: VanSant, Dugdale & Company.

The Tarrytowns NEWSETTE

● PUBLISHED FOR THE SERVICEMEN BY THE TARRYTOWN NATIONAL BANK & TRUST CO. ●

Directors	Officers	Advisory Board
PETER F. BLASI	DR. EUGENE SABERSKI . . . CHAIRMAN OF BOARD	ROBERT FROST, CHAIRMAN
HARRY C. DAVIS	EDWARD W. HICKEY PRESIDENT	MOREY CARTOON
HERBERT V. A. HALL	ROBERT A. YERKS VICE PRESIDENT	THEODORE GOLD
EDWARD W. HICKEY	FRANK H. CUREAU VICE PRESIDENT	MORRIS GOLDBERG
SEYMOUR LEVY	ARTHUR P. HIGGS CASHIER	HENRY HERMS
CHARLES MACDONALD	WALTER F. SMERCAK MGR. HTGE. DEPT.	FRED WARREN
DR. EUGENE SABERSKI		PAUL WHEATLEY
DR. JAMES A. TAYLOR		

VOLUME I - NO. 4

OCTOBER 1951

September is always the month for sports. With the World Series and the beginning of the football season more athletic action is seen than any other time of the year. Perhaps this was the greatest World Series contest in the history of baseball and certainly Bobby Thompson's home run in the last half of the 9th inning in the third game of the Giants-Dodgers playoff series was one of the outstanding baseball feats of any year. The weather around these parts has been near perfect for the last month and although overcoat weather is just around the corner no signs of it have yet been seen.

September 21st - ROBERT K. LENNING of Benedict Ave., WILLIAM G. ADAMS of Spring St., and ALEXANDER H. MacFAYDEN of So. Washington St. have enlisted in the Air Force for four years. - CPL. THOMAS E. DUFFY of So. Broadway is home on a 30-day leave

A Map, and a Newspaper

Tarrytown National Bank & Trust Company

In a campaign of "public works and novel promotions," two of the phases carried out during the past year were the distribution of an illustrated map of Tarrytown and a monthly digest newspaper devoted to local events and mailed free to service men and women of the area.

The map was given to all new residents and to those old residents who requested it. Framed copies were given to village halls, schools, and other public institutions, and several business organizations purchased them.

In explaining to servicemen, by means of an enclosure, that the *Newsette* was free, the bank said, with unique frankness: "Don't worry about the cost—we'll take it out of you (at 6%)—when you return! Good luck!"





An Appeal to "Rugged Individualism"

**City National Bank & Trust
Company, Oklahoma City**

THIS program of a second-time Forum winner used the theme, "Money Makes Money," as its keynote. Its purpose: to sell thrift, encourage systematic saving, curb inflation, obtain new accounts, and sell chartered banking.

YOU CAN HAVE \$1,000.00

THIS YEAR— NEXT YEAR— OR MAYBE THE NEXT!

It's easier than you think. A little put aside... regularly... quickly adds up. When you have money, you can make money. Ready cash meets many money-making opportunities.

Begin today with as little as \$1... to save a definite amount regularly. City National's "Money Makes Money" plan of systematic saving will help you save \$1,000.00... or any amount you set your mind to. The time to get started is now. Come in and let's begin.

FREE BOOKLET
Tells how... to get the most from what you have.
Stop money waste. Learn to spend wisely. This booklet tells how. Free copy when you open a "Money Makes Money" Systematic Savings Account. Mr. Tucker is the man to see in our Savings Department. Why wait to get started?

CITY NATIONAL BANK AND TRUST COMPANY - OKLAHOMA CITY
MEMBER FEDERAL RESERVE SYSTEM

2% interest on your Savings
at City National

*UP TO \$2,000 and 1% for all over

WANTED "Rare" COINS

Put Hoarded PENNIES and NICKELS back into Circulation in a Savings Account. Pennies and nickels are becoming scarcer every day. The U.S. Government can't make enough to supply the demand. Chances are YOU have some of those "rare coins" you've been saving. Well now's a good time to bring them to City National and open a savings account. And those idle coins will begin earning 2% interest... they'll free critical materials for defense. Bring in your "rare coins" today.

Make 'em earn 2% interest at...

CITY NATIONAL BANK AND TRUST COMPANY - OKLAHOMA CITY
MEMBER FEDERAL RESERVE SYSTEM

Make City National your Savings Bank

Main and Broadway

Enlarging on its theme, the bank explained that people with ready cash are in a position to take advantage of money-making and money-saving opportunities.

Saving is not always easy, the bank admitted, but a person can do almost anything he wants to do, especially if he has a goal. A goal of \$1,000 was suggested—"become a thousandaire."

Two of the TV pictures are reproduced at the top of the page. They represent the triumph of the successful "thousandaire."

The ad above was part of another series of City National, aimed at getting scarce pennies back into circulation.

AGENCY: Advertising Service Company.

Purposeful Saving

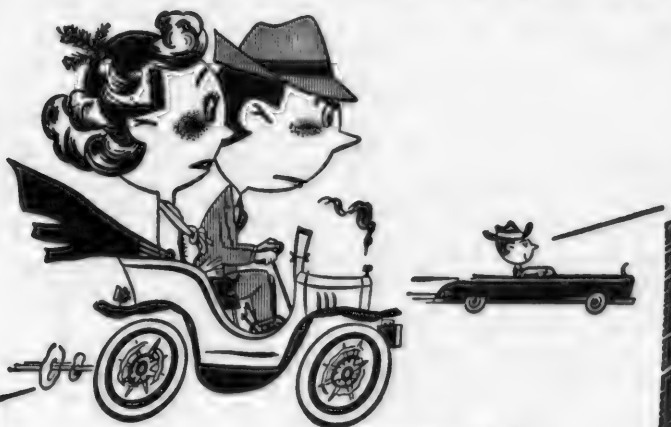
Western Saving Fund Society
of Philadelphia

ANOTHER thrift campaign was this one carried on in the Philadelphia area. It had two objectives, according to the bank:

"(1) To promote saving in general by presenting, in easily understood terms, the proposition that saving contributes much to the security and welfare of both the individual and the community. The particular facet of saving stressed was 'saving for a purpose,' rather than saving because of acquisitiveness.

"(2) To promote saving in this particular institution, thereby increasing the number of new accounts and the total amount of savings in existing accounts."

The ads were designed around the slogan, "Wishing won't do it . . . saving will." The two ads shown are typical of the series.



Like a new car? Who'll pay the bill?
Wishing won't do it—SAVING WILL!

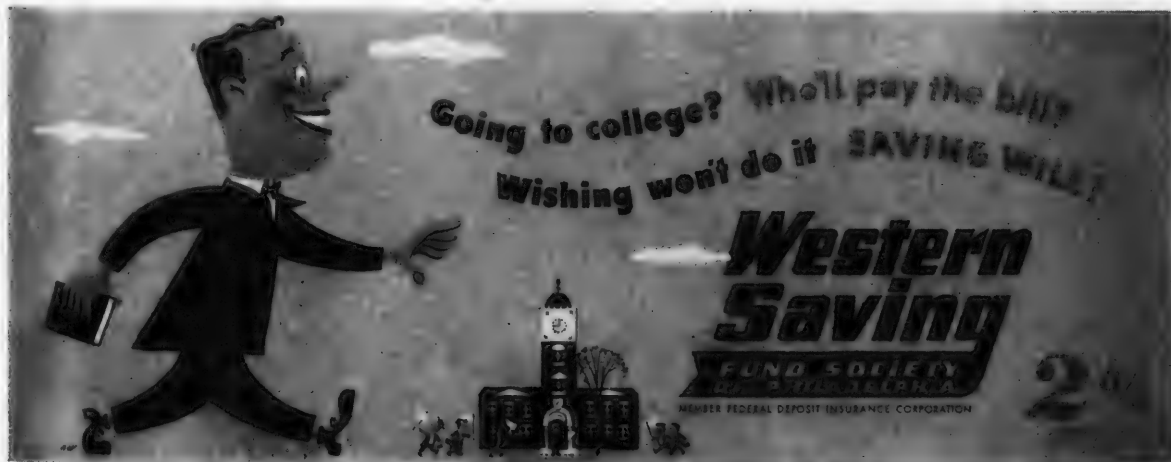
A new car for carefree summer use is not only a pleasure, but often plain common sense. Cars cost money, of course. The surest way to provide a fund for your new car is to come in—start saving regularly—start saving now.

THE
**Western
Saving**
FUND SOCIETY
OF PHILADELPHIA
INCORPORATED 1847

**2%
INTEREST**

Tune in
Western's Weatherman
Mondays thru Fridays
at 6:25 P.M. on WCAU-Radio,
and
WCAU-Television, Channel #10,
6:30 P. M., Mondays thru Fridays

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Accent on Opportunity

First National Bank In Dallas

BOTH programs submitted by this Forum winner involved the word "opportunity."

In one case it was an opportunity for employment applicants to find jobs and for employers to make their available jobs known to possible applicants. This was the locally produced TV show called "Opportunity Knocks."

The other was a series of advertisements aimed at creating an opportunity for the bank. The slogan used was "Give us an opportunity to say . . . Yes." The characteristic little silhouette of two men shaking hands across a desk, plus the slogan, appeared in most of the bank's advertising, regardless of the service discussed in the ad.

AGENCY: Rogers & Smith.

Below, left: Professor William W. Finlay, head of the Management Engineering Department, Southern Methodist University, is program moderator. Below, right, James L. Cabiniss, placement manager, Texas Unemployment Commission, and Mrs. Henrietta Koons, chairman, Personnel Association of the Southwest, and personnel director for the RFC, form a typical panel



**Give us an
opportunity to say...
yes**

76th Year of Dependable Personal Service

**FIRST NATIONAL
BANK IN DALLAS**





SAVE

for his Education

REPUBLIC NATIONAL BANK

Service of the Month

**Republic National
Bank, Chicago**

THE effective idea of Republic National was a program consisting of a monthly "package" (newspaper, radio, blotters, easels, enclosures, billboards) devoted to the same service or theme, all media being coordinated for the maximum impact.

Some of the services promoted in this way were checking accounts, savings, and Christmas Club. Typical family illustrations were used and the copy was "down-to-earth" and conversational in tone.



*"it's so
convenient!"*

DEPOSIT-by-MAIL

Use our special Bank-by-Mail envelopes for your deposits . . . already stamped and addressed.

ASK YOUR TELLER FOR ONE . . . NOW!

**The Whole World Looks Brighter
when your financial problem is solved**



The SECOND NATIONAL BANK OF HOUSTON

Main at Rush—Capital and Surplus Ten Million Dollars—Member F.D.I.C.

Pictures of PEOPLE

The Second National Bank of Houston

CONVINCED that *people* are interested in *people*, Second National decided to dramatize its advertisements with attention-arresting drawings of—*people*.

While the bank advertised all of its services in this way, major emphasis was given to personal loans, commercial accounts and loans, and correspondent bank service.

Lifelike drawings of people were used in every case.

Media used were newspapers, billboards, and business publications, supplemented by folders, window and lobby displays, blotters, matches, and so forth.

Thus, one of the oldest ideas in advertising, excellently and forcefully used, resulted in marked growth in the departments especially emphasized in this campaign.

AGENCY: Gano, Bachrodt, Edwards, Inc.



**Buy Your New Car
for LESS!**

by financing at a BANK

The SECOND NATIONAL BANK OF HOUSTON

Market Research for Bank Services

DONALD R. G. COWAN

The following article is the second and final one taken from a study by DR. COWAN which appeared in the Michigan Business Review, published by the School of Business Administration of the University of Michigan, where the author is Professor of Marketing.

Last month DR. COWAN listed questions which research may help to answer in connection with efforts at more productive selling.

The author formerly headed his own firm of economic and market analysts in Cleveland. He is a past president of the American Marketing Association.

CORRELATION for measuring market potentials by areas is a method of market research available and useful to bank management. By this method, statistical information, such as population, income, payrolls, and so forth, in counties, cities, and parts of cities may be developed from dependable sources such as the United States Census, and then correlated with the bank's corresponding regional records of activity for different departments. In this manner, measures of the effects of diverse marketing conditions on the distribution of bank volume may be obtained. By combining them, potentials may be set up and regional performance may be measured. Also, opportunities for extension and better distribution of selling effort may be found.

A local bank may tabulate its deposits by geographic areas, or census tracts, and learn much by this kind of analysis. In determin-

ing whether and where to establish new branch offices, this information, coupled with that obtained by special surveys in the areas under consideration, will do much to remove the risks attached to such decisions. The cost of one branch failure, both tangible and intangible, will pay the expense entailed in market research to determine in advance whether the extension of the bank's facilities in that location should have been made.

Distribution cost analysis may also be applied to different types of customers, bank departments, and branch banks in order to determine where profits are being earned and where costs are out of line with earnings. Examined by these methods, some customers and banking activities are found to be more profitable than others, and losses in performing various services are revealed which have been covered up in the general bank records. This information is valuable in enabling management to adopt policies and to take specific steps for improving profits.

Useful Studies

Studies of time and methods of bank representatives and advertising are worth while. Among a bank's representatives, there is need for careful study of the use made of their time and their methods of contacting customers and prospects. The purpose is not, in any sense, to police their activities but rather to enable them to do an effective job. In selling commodities, there are wide variations in the time required to cover different areas and different types of customers, and to sell

different products. Sometimes travel time may be reduced. Not infrequently a salesman may be imposed upon and kept waiting to see a customer or prospect. Sometimes too much time is spent in making reports. Studies show that actual time spent in selling customers ranges between 15 and 45 percent, yet this is what the salesman is hired to do. The same general patterns apply to the activities of the bank salesman, no matter whether he meets customers outside or inside the bank. The facts enable management to develop plans for increasing the salesmen's selling time.

It is essential also to study how the limited selling time of the bank representative may be used more effectively in selling the bank's services. Usually the ineffective salesman takes more time than the good salesman. Studies show that there are a few all-important methods in getting business, and that results vary according to the proportions in which they are used. The fact is that usually these effective methods are used to such a small extent that there is great need for developing them and educating representatives to use them.

By similar appropriate studies, the effectiveness of advertising appeals may be measured and the use of advertising coordinated with selling effort.

Who should do marketing research for banks? The important tasks already outlined indicate clearly that he is probably not the handy man without definite assignment or the clerk with a flair for

(CONTINUED ON PAGE 113)

Books and Records Legislation

WHEN banks find the "keep-everything" method of records handling burdensome and feel the need to be rid of some of their records, there are two common types of books and records legislation which can be enacted to help them out and one which can be a hindrance. The following tables show where such laws were in force as of Dec. 31, 1951.

I

"Microfilm legislation," so-called, is designed to give photographic copies of records the same legal force and effect as original records, so that they may take the place of records destroyed by war or other calamity, or destroyed intentionally in order to save space. Such laws have now been enacted in 42 states, Alaska and Hawaii, while a new Federal law now permits use of photographic copies of records in the Federal courts. In the following list, those statutes marked* apply specifically to bank records; of these the following statutes have provisions similar to those of the Model State Banking Code: Alaska c.129, Arizona c.62, Kansas S.B.74, New Mexico H.B.54, North Carolina c.166, Vermont H.B.129. The remaining apply to business records generally.

ALABAMA	L. '51, No. 23
ALASKA	L. '51, c.22, c.129* §2.115
ARIZONA	L. '51, c.62
ARKANSAS	Stat. Ann. (1947) §§16-501-16-504
CALIFORNIA	L. '51, c.346
CONNECTICUT	Gen. Stat. (1949) §§8887-8889
DELAWARE	L. '51, S.B.269
FLORIDA	L. '51, H.B.229*, S.B.410
GEORGIA	L. '50, No. 540
HAWAII	L. '51, No. 104
IDAHO	L. '51, c.173
ILLINOIS	L. '51, H.B.740
INDIANA	Stat. Ann. (1949 Supp.) §§2-1649-2-1651
IOWA	Code Ann. (1949) §628A; L. '51, H.B.36
KANSAS	L. '51, S.B.74*
LOUISIANA	L. '50, No. 146*
MARYLAND	Code Ann. (1947 Supp.) Art. 35, §68; L. '51, c.77
MASSACHUSETTS	Laws Ann. (1949 Supp.) c.233, §§77, 79A*, 79D
MICHIGAN	Stat. Ann. (1949 Supp.) §27.902(1)
MINNESOTA	L. '51, c.125
MISSOURI	Rev. Stat. Ann. (1950 Supp.) §§1880.1-1880.3
MONTANA ¹	L. '51, S.B.43*
NEBRASKA	L. '49, c.10*; L. '51, L.B.386
NEW HAMPSHIRE	L. '51, c.76
NEW JERSEY	Stat. Ann. (1950 Supp.) §§2-98-27.1*; 17:9A-247 and 248*; L. '51, c.266
NEW MEXICO	L. '51, H.B.54*
NEW YORK ²	Banking Law Ann. (1950) §256*
NORTH CAROLINA	Gen. Stat. (1949 Supp.) §§3-58*; L. '51, c.166*, c.262
NORTH DAKOTA	L. '51, H.B.534
OHIO	Gen. Code Ann. (1949 Supp.) §§12102-23a, 710-118
OKLAHOMA	L. '51, S.B.169
OREGON	L. '49, c.74
PENNSYLVANIA	L. '51, S.B.123*
RHODE ISLAND	L. '48, c.2087
SOUTH CAROLINA	L. '48, No. 1193
SOUTH DAKOTA	Code (1939) §36.1003
TENNESSEE	Code Ann. (1949 Supp.) §§9773.12, 9773.13
TEXAS ³	Stat. (1948) Art. 342-113*
UTAH	L. '51, H.B.31
VERMONT	L. '51, H.B.129*
VIRGINIA	Code Ann. (1950 Supp.) §§8-279.1, 8-279.2
WASHINGTON	Rev. Stat. Ann. (1949 Supp.) §§1257-4-1257-6
WEST VIRGINIA	Code Ann. (1949) §3190(1)*
WISCONSIN	L. '51, c.39*, c.284
UNITED STATES	P.L. 129, 82nd Congress, 1st Sess., 1951

¹ Montana makes photo copies secondary, not primary, evidence.

² The New York law applies to savings bank records only.

³ The Texas law merely permits banks to retain "facsimiles," including microfilms of original records, during a statutory ten year period.

II

The A.B.A.-recommended Final Adjustment of Statements of Account statute provides that if a depositor does not object to a statement of his account for five years after it is rendered it will be presumed correct and he will be barred from questioning its correctness. The statute thus makes it unnecessary thereafter to retain records to support the account as stated. It may be seen from the following list of enactments that several of the 17 jurisdictions which have passed it have modified the recommended time limit.

Alabama L.'43, No. 128	Five years
Alaska L.'51, c.129 §3.109	Five years
Arizona Code Ann. (1949 Supp.) §51-530	Six months
Connecticut Gen. Stat. (1949) §5798	Seven years
Florida Stat. Ann. (1949 Supp.) §653.85	Three years
Idaho Code Ann. (1948) §26-1015	Three years
Indiana Stat. Ann. (1950) §18-2001(d)	Six years
Louisiana Gen. Stat. Ann. (1949 Supp.) §§673.4, 673.5	Five years
Maine L.'49, C.57	Six years
New Jersey L. '51, C.166	Six years
New Mexico Stat. Ann. (1941) §50-1010	Five years
North Carolina Gen. Stat. (1943) §53-75	Five years
Oklahoma Stat. Ann. (1949 Supp.) Tit. 6, §118a	Five years
Pennsylvania L.'51, S.B. 123	Seven years
Texas Stat. (1948) Arts. 342-707, 5527	Four years
Utah Code Ann. (1943) §7-3-53	Six months
Wisconsin Stat. (1947) §220.196	Five years

III

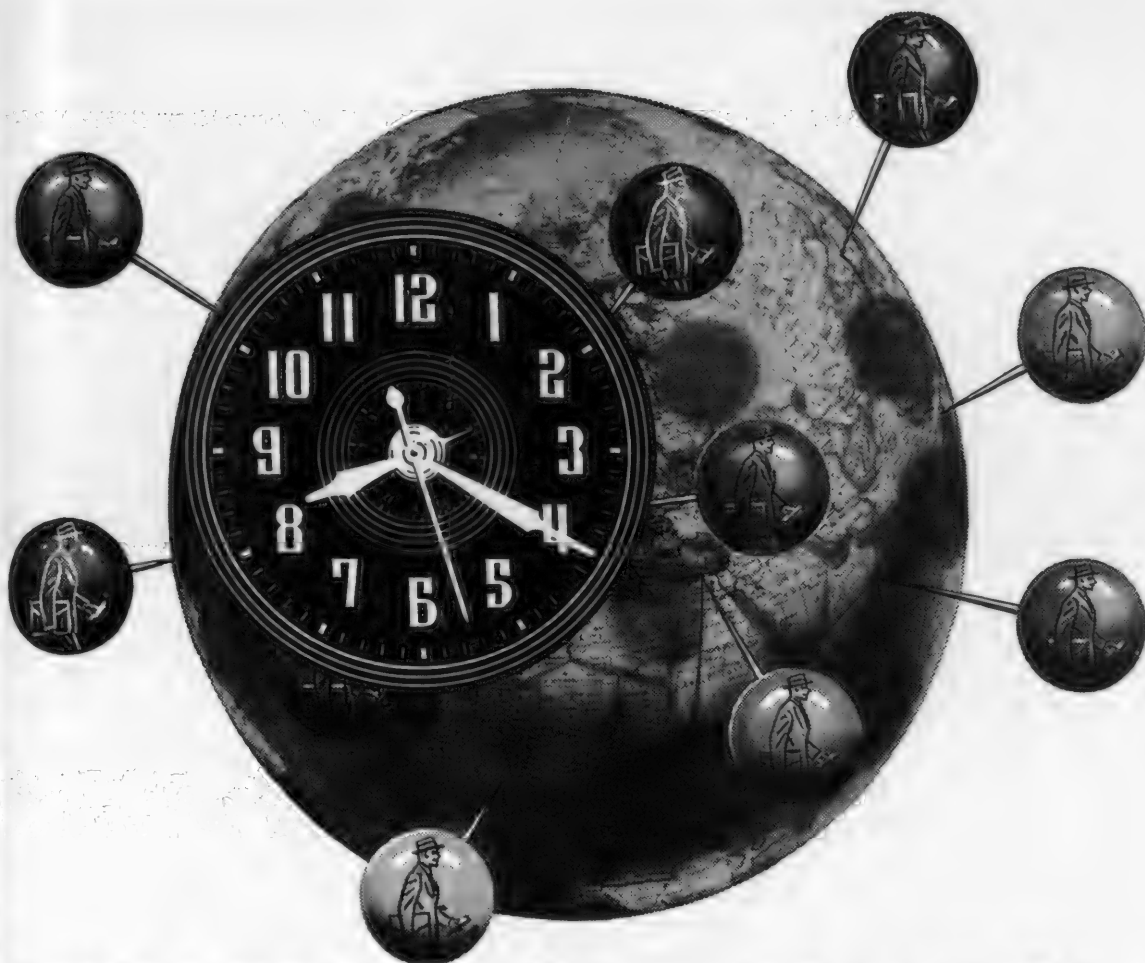
Laws which require the retention of bank records for a specific number of years tend to increase rather than diminish accumulations of records. Therefore, the A.B.A. Committee on State Legislation has suggested that, where states desire to enact such legislation, they follow the provisions of the Model State Banking Code, permitting the bank commissioner to fix different retention periods for different types of records, rather than adopt one arbitrary period for all records. It may be seen in the table below that five of the 22 jurisdictions which have retention laws now take this realistic approach.

Alaska L.'51, c.129 §2.115	Fixed by bank dept.
Florida L.'51 H.B.227	Ten years ¹
Hawaii L.'51, No. 103	Ten years ¹ or as fixed by bank dept.
Indiana Stat. Ann. (1950) §§18-515-18-520	Fixed by bank dept.
Iowa L. '47, c.268	Eleven years ¹
Maine L.'49, c.57	Six years
Mississippi Code Ann. (1948 Supp.) §5278-01	Ten years ¹
Missouri Rev. Stat. Ann. (1943) §7987, 8067	Six years
Montana L.'51, S.B.43	Eleven years ¹
Nebraska L.'49, c.10; L.'51, L.B.290	Six years ¹
New Jersey Stat. Ann. (1949 Supp.) §17:9A-247; 17:9A-248	Six years
New Mexico L.'51, H.B.54	Fixed by bank dept.
New York Banking Law (1950) §128	Six years
North Carolina L.'51, c.166	Fixed by bank dept.
North Dakota L.'49, c.109	Six years ¹
Ohio Code Ann. (1949 Supp.) §710-113	Six years
Oklahoma Stat. Ann. (1949 Supp.) Tit. 6, §276.1, 276.2	Five years ¹
Pennsylvania L.'51, S.B.123	Seven years
Tennessee Code Ann. (1949 Supp.) §5921.2 ²	Six years
Texas Stat. (1948) Art. 342-113	Ten years
West Virginia Code Ann. (1949) §3189, 3190(1)	Six years
Wisconsin Stat. (1947) §220.28	When "obsolete"

¹ The retention period commences on the January 1 next following the making of the record.

² The Tennessee law applies only to unclaimed cancelled checks.

—J.R.V.



CHASE SERVICES— *Around the World— Around the Clock!*

Every hour of the day through its branches, representatives and thousands of overseas banking connections, the facilities of the Chase are being employed in the service of correspondents throughout the country.

Chase serves you *around the world . . . around the clock.*

**THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK**

Member Federal Deposit Insurance Corporation



SERVICE TO CORRESPONDENTS

*Credit information
Around-the-clock mail
pick-up
Quick collection of items
Participation in
local loans with
correspondent banks
Dealers in State and
Municipal Bonds
Execution of security
orders
Analyses of investment
portfolios
Safekeeping of securities
Full foreign services
Many personal services*

The Country Banker



The North Dakota Bankers Association member banks awarded short course in agriculture scholarships to 56 young farmers attending the first short course session at the North Dakota Agricultural College. In addition, 42 nonsponsored farmers attended the course. The NDDBA gave a banquet to the entire class on January 24. Front row, left to right, Instructor William Guy, Short Course Director Peder Nystuen; Dean H. L. Walster; NDDBA Secretary C. C. Wattam; Harris Sorenson, agricultural agent, Merchants National Bank & Trust Co., Fargo, and chairman, short course committee. (See story on page 76, September 1951 BANKING)

News for Country Bankers

This news of country banking was compiled by MARY B. LEACH of BANKING's staff.

New Forestry Manual Ready

THE new guidebook, *Trees and Bank Accounts—A Forestry Manual for Banks*, prepared by the Forestry Committee of the American Bankers Association's Agricultural Commission and released last month, sets forth the situation calling for attention, examines the possibilities for doing something about it, names the forestry agencies available to lend a hand, tells what can be done and what banks are doing in this field.

The manual suggests that banks, as a basis on which to start, make a brief survey of the woodlands in their trade area, which would include the local wood-using industries, and their dependence upon each other.

The manual also discusses under the heading "What Can Be Done" these topics: Forest Management, Utilizing Idle Acres, Forest Protection, Forest Credit, Forest Insurance, and Forest Taxation. It sug-

gests that banks be on the alert to:

(1) Discuss with farmers who own forest or woodlands how benefits of prevailing tax laws may be made available to them.

(2) Arrange meetings where forest and forest-industry problems may be discussed.

(3) Plan tours or field trips to demonstration plots, nurseries, well-managed operations and wood-using industries.

(4) Encourage farm youth groups in their forest conservation projects by recognizing achievements and attending their meetings.

(5) Encourage industries to utilize local wood products.

(6) Participate in and support local 'Keep Green' programs.

(7) Place effective forestry and forest products exhibits in bank lobbies, windows, and other prominent places.

(8) Distribute forestry leaflets and stuffers with bank statements, particularly to local timber and woodlot owners.

(9) Watermark, print checks, or use metered postage slogans with a forestry message.

(10) Feature forestry conservation in advertisements, radio, and TV programs.

Under the heading "What Some Banks Are Doing" mention was made of bank-supported projects in a number of states.

"The private owners of small woodland acreages will largely determine the future of America's forests," concludes the manual. "By carrying out some of the suggestions mentioned, banks can assist greatly in developing the productivity of privately owned forest lands. They have an opportunity, and to some degree an obligation, to preserve and promote our forests as one of the few renewable basic natural resources."

The *Forestry Manual* is the culmination of two years of study and investigation of the subject by the Committee, which is headed by George G. Ware, president of the First National Bank of Leesburg, Florida. Mr. Ware was in the forefront in the development of the Florida Bankers Association's forestry program, which is now in full

(CONTINUED ON PAGE 66)



"Bank Roll" BALES

SEAL IN MORE LEAVES

The "rolled-in" green leaves of *rolled bales* set a new value-standard for hay.

Like the curved surface of a Quonset roof, the outer stems of rolled bales turn moisture and rain, protecting the sealed-in layers beneath.

They're bales that can take rough handling, too. They elevate, load and store compactly, without buckling or breaking.

And they're *easy* to handle. They can be unrolled down the feedway or simply fed whole. Weather-resistant, they are perfect

for outdoor feeding.

It's sound economics for a farmer to have his own ROTO-BALER, ready to roll when hay is cured just right. Proper financing for such an important investment is a service well and profitably rendered by the local bank.

★ ★ ★

This beats loading bales by hand! The Allis-Chalmers Bale Loader attaches minutes-quick to the WD, WC or C Tractors. Picks up rolled bales lying at any angle. A sturdy, economical, durable loader.

ALLIS-CHALMERS
TRACTOR DIVISION—MILWAUKEE 1, U. S. A.

ROTO-BALER
and
BALE LOADER

ROTO-BALER is an Allis-Chalmers trademark.



News for Country Bankers

(CONTINUED FROM PAGE 64)

swing and producing excellent results.

In addition to Mr. Ware, members of the Forestry Committee are: M. E. Cooper, president, Bank of Wiggins, Mississippi; E. C. Hirst, president, First National Bank, Concord, New Hampshire; Edison Hobstetter, president, Pomeroy (Ohio) National Bank; J. Harold Irvine, president, First National Bank, Lebanon, Oregon; and Dr. Van B. Hart, professor of farm management, New York State College of Agriculture, Cornell University, Ithaca, New York.

W. W. Campbell, president of the National Bank of Eastern Arkansas, Forrest City, is chairman of the Agricultural Commission.

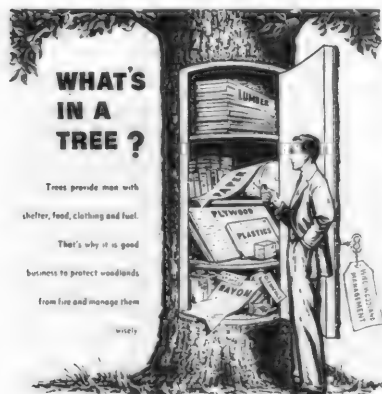
One copy of the manual is available to each member bank.

Free "Keep Green" Ads

It isn't often that you get something for nothing these days; however, here's an exception. A recent booklet illustrating 28 different free forestry advertisement mats published by the American Forestry Products Industries, Inc., is available without charge to banks interested in educating the public in the prevention of forest fires, developing a wholesome respect for the value of timber, and support for the Keep America Green program.

These advertisements are effectively illustrated and are available

One of the American Forestry's attractive ads



COMPANY NAME

Glen Zinn, cashier, Farmers and Merchants National Bank, Morgantown, and chairman agricultural committee, West Virginia Bankers Association, right, presents awards to winners in a statewide speaking contest, the theme of which was, "My Soil Conservation District." First place winner James A. Lochard, of Pleasant Dale, second from right, won a cash award of \$75, plus a trip to Cleveland to compete in a national contest. Other winners received \$50 and \$25, respectively.



in mat sizes ranging from one- to four-columns. Space is provided for the signature of the bank or other group making use of the ads.

This American Forestry booklet also illustrates "Keep Green" seals for each of the 48 states, with the legend and outline map individualized for each state. There is also a seal with the legend "Keep America Green" which includes an outline map of the U. S. A. A mat of the appropriate seal is furnished with each order for the advertisements.

Another free service offered by American Forestry is a monthly cartoon feature in mat form, entitled "Our Great America." This also includes a plug for forestry conservation.

For further information write to American Forest Products Industries, Inc., 1319 18th Street N. W., Washington 6, D. C.

\$100 for Forestry Arsonist

ANOTHER state association — this time the Rhode Island Bankers Association — is offering a \$100 award for the arrest and conviction of anyone setting a forest fire within that state.

By this action, the RIBA is emphasizing the importance of the work being done by the Rhode Island Forestry Conservation Council, whose objective is to conserve and improve the state's woodlands.

Florida Bankers Association has a fund for similar purposes.

Bank Donates Farm

AN 82-acre farm on the edge of Marshall, Missouri, has been presented by the Wood & Houston Bank to the vocational agricultural

class at the Marshall High School for experimental and demonstration purposes.

"While the financial returns from an operation such as is planned for this farm," said Instructor Morton Craig, "naturally are not expected to be as great as they would be from regular farm operation, the program being set up is expected more than to pay its way."

The board of education approved acceptance of the gift and has agreed to advance the class the necessary money for the first year's operation. The question of machinery is yet to be worked out.

Yale U's Conservation Study

BANKS in agricultural communities in every section of the United States will be approached within the next few weeks by supervisors of soil conservation districts to answer questions on the financing of soil conservation proposed by Yale University. The University has embarked on a long range conservation program under the direction of Roger D. Hale and has solicited the cooperation of banks through the Agricultural Commission of the American Bankers Association.

This move is welcomed by the Agricultural Commission because every step in this direction very definitely helps the private banking institutions to furnish better credit to the farmers and to that extent reduces the necessity of Federal credit facilities.

A questionnaire is now being prepared which will be sent to supervisors of soil conservation in every state. An advance copy of the ques-

(CONTINUED ON PAGE 68)

NATIONAL HOMES lead in VARIETY



... another reason why National Homes Mortgages are Sound Investments

NATIONAL offers more floor plans, a greater choice of exteriors, than any other producer of homes. Even in large projects, each family can have a home of real individuality. This adds to the resale value of National Homes. They are first in quality, too. From every angle these smart, well-built, universally popular homes are today's outstanding source of sound investments.



"National Homes prefabricated panels and structural parts are commended by Parents' Magazine as advertised therein." And recommended by over 36,000 delighted owners!

**NATION'S LARGEST PRODUCERS
OF PREFABRICATED HOMES**



News for Country Bankers

(CONTINUED FROM PAGE 66)

tionnaire will not be available to agricultural lenders in order that the answers to be obtained will be spontaneous and factual.

According to Mr. Hale, the proposed survey will be made to find out "how much credit institutions are exerting their influence to encourage good conservation practices upon the land."

In general, the survey questions will be along the following line: "To what extent does the country banker require correct land practices in order to conserve the fertility that is the real source of value in his farm land collateral? Does he demand modern land management as part of the loan agreement? Does he understand that repairs to the land are more vital to the soundness of the loan than repairs to the barn or tractor? Does he use the readily available technical help within his soil conservation district to aid him with these problems?"

It is estimated there are 2,300 soil conservation districts in the United States and that there are between six and seven banks in each district. The questionnaires representing the answers of each bank will be analyzed, coordinated, and worked up into a final report by the Yale Conservation Program.

\$1,000 Pasture Award

J. NAP COVEY, vice-president, Polk County Bank, Bolivar, Missouri, has announced that his bank will donate \$1,000 in cash awards to Polk County farmers for the best permanent pasture improvement seeded in 1952. The \$1,000 pasture improvement contest is sponsored by the bank in cooperation with the Polk County Agricultural Extension Association, who will direct the contest, and the Bolivar Chamber of Commerce.

Awards will be made on a township basis and will be directed by the Extension board members. A \$50 award will be made in each township and a \$100 grand award for Polk County for the best job done in establishing a permanent pasture of legumes and grasses—of either spring or fall seeding.

A minimum seeding of three acres will be required of all entrants.

Erle Cocke Accepts Post

ERLE COCKE, president of the Fulton National Bank of Atlanta, has accepted appointment to the board of directors of The American Forestry Association.

Mr. Cocke has been especially active in Georgia's reforestation activities and helped stimulate interest on the part of 250 bankers in purchasing mechanical tree planters for free use by farmers.

Pictures Get Business

A COUPLE of banks at Frankford, Indiana, are staging what might be called "a battle of pictures," says *Farm Journal*.

One bank sports a great big mural made of enlarged color photographs of crops and livestock in the county. The whole thing is in the shape of the county, showing township lines and towns. It's a beauty!

Right across the square the other bank has a pair of wall screens on which constantly changing color photographs of local scenes and events are flashed. And they're beauties, too!

The big idea is that these two banks are interested in building goodwill, boosting their community, and in getting business. They appreciate how important farmers are.

(The two banks referred to are the Clinton County Bank and Trust Company and The Farmers Bank.)

Farm Department Manager

CLAUDE HENSON, assistant vice-president of The Bank of Asheville, Asheville, North Carolina, has been named manager of the bank's new farm department.

In announcing the appointment, President Philip Woolcott said that tobacco production and the raising

and marketing of chickens and eggs have grown to such large proportions in the country and surrounding area that more specialized banking services are needed to finance the large volume of business involved.

The Bank of Asheville has been active in financing agriculture for some years and recently has attracted the attention of farm interests through its silo building program. A set of steel silo forms has been furnished to Buncombe County farmers free of charge for the construction of concrete silos. By using their own labor with these forms, farmers have been able to build silos for about half their ordinary cost.

Outside Man Serves Two Banks

TWO Illinois banks that individually don't have need for full time farm representatives have combined forces and engaged a man to represent both. The institutions are the Bank of Benton and the First National Bank of Zeigler.

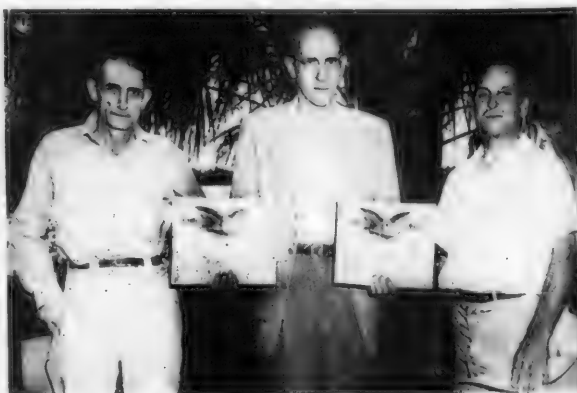
George H. Cockrum, formerly a vocational agricultural instructor in the community, took over the farm relations work for the two banks early this year. During his eight years of teaching work he has been actively identified with all phases of agricultural development.

The appointment was announced by F. Guy Hitt, president and chairman, respectively, of the two banks.

Financing Needs High

"IT appears that the financial requirements of agriculture will increase further in 1952," says *Farm Outlook for 1952*, published by the Federal Reserve Bank of Chicago. Copies on request.

At annual meeting of Lee County Cattleman's Association, Brown Austin, exec. vice-president, The Lee County Bank, Fort Myers, Fla., center, presents Florida Bankers Association certificate of award for outstanding soil conservation achievements



TO BE ON THE LEVEL

...*They Go Crooked*



● Which way would you rather drive—to steer along a level, gently curving road, or shift gears to go up-hill and down-dale? Which way would you cover more miles per day, get more miles per gallon?

Make it acres instead of miles, and you see how farmers profit from the day they start farming on the contour—why they wouldn't think of going back to the old way, once they have made the change. Besides the time they gain and the fuel they save, they get increased yields—sometimes as much as 50 per cent more.

Yet all these immediate gains are only incidental to the thing of prime concern to banks. That is protection of soil from erosion and preservation of permanent land values, both as security and as the source of community prosperity.

For all its rewards, contour farming lags in adoption. Habits are hard to change. To inform and inspire farmers is the purpose of the book-

let "Level Farming on Sloping Fields" and the full-color sound movie of the same name. They portray methods worked out by the Soil Conservation Service, state extension services, etc., and urge farmers to get technical counsel from these agencies.

Let us send you a sample of this booklet, or a supply if you can put it to good use. Let us mention, too, our belief and our policy—that the financing of farm machinery sales is logical business for local financial institutions.

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Motion picture films with sound are available in 16 mm. size for showing to schools, civic groups, farmer meetings, conservation clubs, etc. Some of the subjects are terracing, contour farming, pond-building. Send for latest edition of "Visual Education Materials"—a catalog of Case films, booklets, wall charts. Address Educational Division, J. I. Case Co., Racine, Wis.

Bank Tellers' Do's and Don't's

RALPH H. MICHAELS

The author is president of the First National Bank of Canton, New York, and chairman of the Tellers' Do's and Don't's Committee of the A.B.A.'s Country Bank Operations Commission.

To help solve some of the bank management problems which have become more urgent within the past few years, particularly in the smaller banks, the Country Bank Operations Commission of the American Bankers Association has prepared a new guidebook, *Bank Tellers' Do's and Don't's*, one copy of which will be mailed to each member bank around March 24.

A multitude of teller operating procedures are covered in this guidebook. Chapter titles, which only hint at its inclusiveness, cover: Customer and Employee Relations; Handling Cash; Opening and Closing Checking Accounts; Paying and Receiving; Safe Deposit Operations; Savings Accounts; and Definitions of Banking Terms.

In general, the material is treated in the manner followed in this "Powers of Attorney" sample:

"DO"

"Ascertain from an officer that powers of attorney are in the bank's files and that such powers are being complied with before cashing checks signed by people who claim to have such powers.

"DON'T"

"Recognize a power of attorney if the grantor of the power has died or become insane."

It is estimated that at least 75 percent of the average bank's contacts with the public are made by tellers. The new customer, coming in to transact his first business, expects the person he meets across the teller's counter to "know all the answers," and to be representative of the bank in appearance, efficiency, and desire to please.

We must remember that the growing volume of bank business carries with it greater risks. The risk of loss through errors, carelessness, and lack of experience is greater in teller work than elsewhere in the bank, because mistakes and losses there often cannot be rectified or retrieved.

Keener Competition

Also, competition is becoming keener, not only among banks, but also from other agencies. Socialized banking has made great strides abroad, and public polls show that many people in our own country think they would fare better with government-owned banks. It is felt that more emphasis on better public relations by the thousands of privately owned banks, backed by more widely used and more efficient service to the public, is the best means of answering the critics of our banking system. The place to begin, obviously, is where the largest share of public contacts are made—at the teller wicket.

New faces are appearing inside teller wickets with increasing frequency, as military and industrial

If the reader of this article does not see a copy of Bank Tellers' Do's and Don't's around his bank around April 1, it may be that his bank's copy has been buried on an officer's desk. Additional copies can be obtained from the Country Bank Operations Commission, American Bankers Association, 12 East 36th Street, New York 16, N. Y.

establishments draw from banks to meet their personnel requirements. A bank officer of long experience is likely to forget how unfamiliar the usual banking terms and practices often are to these beginners. And even experienced tellers frequently have need of a ready source of well-indexed information on unusual and troublesome questions. The Commission agreed that a practical aid in accelerating training and providing sound reference material would fill a present and growing need.

BANKERS are becoming more aware of the importance of a banking asset which is not shown on the balance sheet—the personnel of the bank. Bank management in some cases has actually been driven into keener appreciation of this factor through undesirable experiences.

Management Continuity

Furthermore, there is the matter of continuity of top management. Country bankers have the reputation of being farsighted in nearly every field except this one. With a multitude of problems breathing down our necks, we may overlook the one that will arise when the present managers relinquish their posts. That such time will come is certain. The only question is: *When?* The future soundness of the bank and the interests of stockholders, employees, and the community will be affected by the manner in which this problem is solved. Adequate management replacement from within a bank doesn't "just



The Do's and Don't's committee meets in Chicago to put the finishing touches on the manual. Clockwise, N. Suttle Roberts, Corsicana, Texas; W. M. Willy, Madison, S. D.; Mr. Michaels; George R. Amy, A.B.A. deputy manager; Maurice H. Kirby, Henderson, Ky.; and Henry M. Sommers, A.B.A. assistant general counsel

happen." It is almost invariably the result of long-term planning, which includes an adequate employee training program.

These, then, are some of the problems which the Country Bank Operations Commission seeks to help the 11,000 so-called country banks solve in the compact *Bank Tellers' Do's and Don't's*, a copy of which is being mailed to each member of the A.B.A. The many authorities who reviewed the work believe that it should be placed in the hands of each teller and each officer who supervises teller work, as well as other employees who may be in line for teller positions. It is intended to provide a useful tool in the employee training program, a handy reference guide for experienced tellers, an aid to

officers and supervisors, and a basis for conducting staff conferences.

Like the green and red traffic signals with which the guide is illustrated, it does not attempt to explain all the reasons for this or that "Do" or "Don't." But it flashes the green or red light in front of each, to emphasize what should or should not be done.

Kentucky Has a Full Program

COMMENTS on the results of the 1951 agricultural program of the Kentucky Bankers Association and an outline of plans for 1952 are included in a recent KBA *Agricultural Bulletin*. A few excerpts lifted from the association's review of its activities follow:

"It is our desire to make this clinic (Agricultural Credit Clinic) an annual affair as a part of our educational program, to keep up to date on new developments, and to broaden our knowledge of agricultural problems."

"Forty-five hundred young men in 61 counties received the benefit of the two-hour period of instruction (in 'On-the-Farm' veteran trainee classes). We propose to hold similar meetings in other counties which have veteran trainee classes."

"To keep agriculture financially sound, we must follow sound credit policies. We must also put forth effort to promote the type of agriculture that offers the greatest opportunity for successful farming."

"Considering the still untapped potential in our livestock enterprise, we recommend that banks in farming areas continue sponsoring 'On-the-Farm Meetings' in cooperation with the Extension Service."

"Thirty-three (recognition) meetings were sponsored by banks during the past year. The committee highly recommends the continuation and expansion of this activity."

"To aid in an educational program on farm credit, the association has compiled and put in booklet form credit information that should be helpful to bankers in preparing for discussions of farm credit. . . ."

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The person who thinks he is fooling everyone but himself is near-sighted.

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Profit and Loss in a Farm Loan Department

HOWARD G. DIESSLIN

The author, who is an assistant professor in the Department of Agricultural Economics, Purdue University, Lafayette, Indiana, answers these questions in this article: "Will a farm loan department pay its way?"; "Requirements for Success?"; and "How Should It Be Established?"

BANKS with a minimum of \$2,000,000 in deposits or more, located in communities with a high percentage of rural depositors, may profitably employ a full-time agricultural representative to develop and carry out an agricultural program. Not every bank, one-half, or even one-third of our banks, should have a farm loan department, however. There just is not that much agricultural credit potential available. Probably 10 to 15 percent of our banks could justify a full-time department with one or more trained men in charge.

Loan Volume Necessary

It is difficult to evaluate all the costs and benefits from a farm loan department. The indirect benefits such as new depositors, lower losses on loans and good public relations which should accrue are hardly measurable in dollars and cents. Likewise, certain overhead expenses such as space, heat, light, bank officers' and directors' time give similar difficulty. Nevertheless the primary results of the department must be measured on the basis of new loan volume. To be successful, the income from new loans should offset the additional expense incurred from the department. This should be the minimum goal. Then the indirect benefits would presumably be the profits derived. This situation is budgeted through the accompanying table.

Thus, it appears the annual volume of new agricultural loans necessary to carry a one-man agricultural department vary between \$125,000 and \$250,000, depending on expenses, the yield on agricultural paper, and the yield on Government

Breakeven Point for One-man Department	
<i>Expenses of Department</i>	
\$5,000-\$8,000 annually for salary, clerical help, travel expense, etc. Amount depends upon local conditions and competition for competent men.	
<i>Receipts from Department</i>	
5% to 6% average interest on agricultural loans. -1.5% to 2.0% alternative return if invested in Government securities.	
3.5% to 4% interest spread to handle loan department expenses.	
<i>Breakeven Point</i> (Ave. annual volume)	
\$5,000 expense = \$125,000 to \$145,000 in new loans. \$8,000 expense = \$200,000 to \$230,000 in new loans.	

securities. Starting salaries for agricultural men must be as high or slightly higher than the local scale for agricultural extension workers in order to obtain a competent man. In addition, travel expenses will range from \$600 to \$1,200, depending on the size of the territory served, some clerical help will be needed, and advertising costs of some magnitude will be incurred.

Criteria

Several additional criteria must be recognized to have a profitable farm loan department. The first of these are with respect to the bank and bank officers. And here are some other things that enter into starting a farm loan department:

(1) A potential volume of agricultural credit. The bank must be located in a productive or potentially productive agricultural area. The land resources should be average or above, and the agricultural community should be progressive—up-to-date on new farming techniques. Your county agent and agricultural experiment station can help appraise this problem.

(2) Active support of the program. This should be a bank program, not a "one man" program.

(3) "Tailor" the program to fit the community and the bank. Build

it around the type of agriculture and agricultural problems at hand in the community—be it dairy, beef cattle, sheep, soil conservation, or what not. Design the program to fit the personality of the bank.

(4) Emphasize short-term production loans and real estate loans for building and land improvements.

(5) Provide adequate physical facilities for the department—or do not set up a department. This is an important part of the program.

(6) Merchandise the program and the product—money. This should be done on a long-range basis, not a hit and miss proposition.

Representative Qualifications

The agricultural representative should qualify in these respects:

(1) He should know and be interested in agriculture and farm people. He should have farm experience and a good education—preferably in the field of agriculture. In addition, the individual may have already lived and worked in the community several years, and bring with him the advantage of already being well known in the community.

(2) He should be interested in and allowed to learn banking. This should be a requirement, particularly for a young man just beginning.

(CONTINUED ON PAGE 142)

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BANKING'S FINANCE FORUM

Experts Discuss the Day's Home Circle Problems

INVESTMENTS

Should the investment decisions of small investors be determined by tax considerations?



Answered by
JAMES W. WOOSTER, JR., financial associate, The Commonwealth Fund, New York, N. Y.

For a considerable number of years large private investors, and certain types of institutional investors, have carefully considered the net yield after taxes, rather than the apparent yield before taxes, when making investment decisions. As a result, a definite preference has existed, as expressed by higher market prices, for tax exempt securities as compared with securities of a similar type except for the fact that their dividends or interest payments constitute taxable income.

Income tax rates, as we all know, have increased sharply for all

classes of taxpayers, including those in the lower tax brackets. All along the line, from the rich down to those barely above a subsistence level, the significance of a given number of dollars of income is determined not only by its gross amount, but more importantly by the amount which can be kept after income taxes have been withheld or paid.

Many representative common stocks yield in the neighborhood of $5\frac{1}{2}$ percent. If such stocks are owned by an individual in the \$10,000 to \$12,000 surtax bracket, where the tax rate is 42 percent, the net effective yield after taxes is not $5\frac{1}{2}$ percent, but less than $3\frac{1}{4}$ percent. In higher brackets the incidence of taxes is even more severe. For example, in the \$32,000 to \$38,000 surtax bracket, in order to obtain a net yield, after taxes of $3\frac{1}{4}$ percent, it is necessary to obtain a gross, or apparent, yield of more than 10 percent, which is, of course, a practical impossibility. For such investors it is almost a necessity that a large portion of their invested funds be placed in securities not subject to Federal income taxes.

The following table shows the

yield which must be obtained from taxable investments by individuals in several different surtax brackets in order to obtain, after taxes, an equal income from tax exempt securities:

Surtax Bracket	2.50% Tax	3.50% Tax
	Exempt Yield	Exempt Yield
\$10,000- 12,000	4.31%	6.03%
20,000- 22,000	6.58	9.21
44,000- 54,000	10.00	14.00
100,000-150,000	25.00	35.00

The major group of securities exempt from Federal income taxes is municipal bonds, that is, the obligations of towns, cities, counties, states, and special public authorities, such as turnpike commissions, the Port of New York Authority, etc. Prevailing prices for good quality tax exempt bonds are, naturally, high. Recently the Triborough Bridge & Tunnel Authority of New York sold long term bonds at prices to yield 2.20 percent. However, this yield, tax free, is equal to a yield before taxes of $6\frac{2}{3}$ percent for taxpayers in the \$26,000-\$32,000 surtax bracket.

The amount of earnings disbursed in the form of dividends is subject

to a wide variation between companies and industries. In other words, the amount of earnings retained in the business and ploughed back in the form of additional plant or working capital also varies greatly. If a company retains a large portion of its earnings and pays out in dividends only a small portion, current return will be small, but the capital value of the investment should increase. If the investment is later sold, the tax on any capital appreciation is at a lower rate than the tax on income. Industries customarily paying out a small percentage of earnings (which payments then become subject to income taxes) and retaining a large percentage of earnings (which increase capital values and are subject to a lower rate of tax when capital gains are realized through sale) would include such "growth" industries as chemical, pharmaceutical, natural gas, etc.

Some companies, especially some investment companies, have large unrealized book losses. Dividends paid by such companies may be considered, under certain circumstances, as a return of principal and hence exempt from income taxes.

The tax factor in investing is no longer just a rich man's problem; it affects all investors, large and small. In considering investment income, and in comparing the yield from different securities, the only realistic yardstick of appraisal is the net return after taxes, not the gross yield before taxes.

REAL ESTATE

Must I be a defense worker to get the liberal mortgage terms possible in critical defense housing areas?



Answered by
MILES L. COLEMAN, building adviser, House Beautiful; consultant to the Twentieth Century-Fund.

THE special credit terms for defense housing are made available only in definite localities where vital defense finance is being carried on and where there is found to exist a housing shortage sufficiently serious to interfere with that activity. Moreover, the special terms are

available only in respect to a specific number of houses to be sold or rented at designated prices, all as determined by the Housing and Home Finance Administrator. These houses may be sold or rented only to defense workers, and ordinarily only to workers who are new in the community.

Consequently, though you may live in one of the designated critical defense housing localities and may actually be employed in defense activity, you cannot obtain the special credit terms. You are not, however, prevented from building or buying a house on normal credit terms.

TRUSTS AND ESTATES

What provision is made to protect the principal of a trust fund?



Answered by
GILBERT T. STEPHENSON, retired Director of Trust Research, The Graduate School of Banking.

UNINVESTED or undistributed cash on deposit in an insured bank—and most banks now are insured through the Federal Deposit Insurance Corporation—are insured up to \$10,000.

The entire fund, investments as well as cash, is protected against the dishonesty of the trustee—of its employees and officers, in case of a bank or trust company—by fidelity bonds.

The entire fund is protected against the negligence of the trustee, including dishonesty, by the net estate of the trustee, if an individual, and the capital and surplus of the trustee if a bank or trust company. If the trustee is required to give bond with surety, the fund is protected against negligence also by the bond up to the extent of the obligation of the bond.

The fund is protected also by insurance coverage against all the hazards against which men of ordinary prudence insure their own property.

Other safeguards thrown around trust funds by banks and trust companies as trustee are: deposit of securities with the appropriate governmental agency for the protection of trust funds; governmental regula-

tion and supervision of corporate trustees; and audits by both inside and outside auditors.

Although no trustee, whether individual or corporate, guarantees principal, every trustee is duty-bound to apply to the protection of the fund all the care, skill, and diligence of the man of ordinary prudence protecting his own property, plus any additional skill the trustee possesses.

PERSONAL FINANCES

Why does my bank make service charges on my checking account?



Answered by
MARION E. MATTSON, assistant cashier, Northwestern National Bank of Minneapolis.

A BANK is in business for the same reason that a department store is (or any other business for that matter), namely, to make a profit. While a bank doesn't have such tangible things to sell as clothing, furniture, etc., it does sell vitally important services in connection with money and the handling thereof.

A bank's chief sources of income are the interest received from the money it lends, or investing the depositors' loanable balances over and above the required reserves, and the charges for services rendered. There are some 50 or 60 such services offered by banks. Operating costs have been carefully analyzed to determine the exact handling cost of checks drawn on other banks and other types of services.

Approximately 90 percent of the transactions involving money is done by means of checks. Little does a person realize the efficient machinery and the trained personnel behind the scenes it takes to handle this tremendous volume of work. Experienced officers, competent tellers, clerks, bookkeepers, and costly mechanical equipment are required to do the job speedily, accurately and to the customer's satisfaction. Consequently, a bank cannot operate without adequate compensation. Therefore each account must "pay its own way." If a sufficient balance is not carried to

yield an adequate return in the form of interest, then a service charge is levied. These charges, or prices, are determined by comparing the income from your balance with the cost of handling the transactions on your account by means of monthly cost analysis. The cost varies with the activity of the account and depends on the number of deposits made, the items included in the deposit, and the number of checks written during the month.

Hence accounts are analyzed from the standpoint of activity as well as in terms of daily average balances. Costs and charges vary in different banks, cities and sections of the country but, fundamentally, the reason they are levied is the same in all instances.

LIFE INSURANCE

Under what circumstances do you advise lump sum payments to beneficiaries?



*Answered by
DUDLEY B. MARTIN of the Institute of Life Insurance, New York City.*

FOR nearly all families some portion of the life insurance money should be paid in a lump sum.

The amount of life insurance proceeds to be taken as a lump sum will, of course, depend upon the circumstances of the individual family and what other resources are available to it. For many families the amount of life insurance owned will be insufficient to do more than provide cash for immediate needs, and here the lump sum payment of the entire benefits is indicated. At the other extreme, some families, while under no pressure for cash for immediate living expenses, may find it desirable to arrange for a lump sum payment sufficient to meet estate and inheritance taxes, thus avoiding the necessity of disposing of assets, possibly at a sacrifice.

Between these two extremes, there is a large number of families owning life insurance in sufficient amount not only to meet the cash requirements of the readjustment period, but to set up future income to replace in part the earnings of the insured. It is entirely possible

for these families to take the amount they need in cash and to leave the balance with the companies for future payment under one or another of the optional settlements. Such an arrangement should give some latitude to the beneficiary to draw down cash to meet emergencies; to tie up too much of the proceeds under a rigid income plan might work to the hardship of the family at such times.

These settlement options are sufficiently flexible so that a plan can

be worked out which, dovetailed with other savings of the family, will give maximum usefulness of the insurance benefits. Generally, it is advisable for the family to work out with its agent a schedule of how the life insurance is to be paid and to review this periodically with him to keep it in line with the family needs and desires. Obviously, a plan drawn up when the children are young, for example, will not fit the situation when the children are grown.

A Forum for Small Businessmen

THE Grand Avenue Bank of Kansas City, Missouri, recently concluded a series of three discussion meetings for owners and managers of small businesses. Although the program was originally planned and announced as a forum it quickly evolved into a less formal round table with almost complete audience participation.

The idea was a direct outgrowth of the women's finance forums. Another source on which we drew was a series of round table discussions held by a New York bank for railroad management, heads of utilities, and other important customers. The former program had been successful in our area and the latter was out of our sphere; but by combining the two, we were able to set up discussions adapted to the needs of our own customers.

The bank is in an area of small businesses, most of which do not have the full time services of specialized record-keepers. We felt that many problems were mutual and that open discussion could solve most of the more common ones.

We approached the venture on a limited basis and feel that we learned enough to warrant another series at a later date. All sessions were held in the bank. Only direct mail advertising was used. This included a letter of invitation mailed with a folder describing the "Financial Facts of Life" which were to be discussed. Weekly reminder postcards were also mailed.

The subjects we chose were taxes, insurance, and wages, in that order. The speaker on taxes is a C.P.A. in our building. The insurance speaker

is a director of the bank. The speaker on wage regulations is in the wage and hour division.

Interest was such that at no time was any priming with planted questions necessary. Additional reading material was furnished for the two sessions held on taxes and wages.

All meetings were held from 2:30 to 3:30 on Tuesday afternoons in January. In retrospect we have decided that this choice of time was not good. Since January is especially busy for most businesses, many of our customers found it difficult to leave their businesses during the middle of the afternoon. We would recommend contacting a greater number of customers before setting a meeting time.

We feel that with a little imagination, any bank can use this means of public relations and adapt it to fit the specific needs of any group.

BARBARA PENDLETON
Assistant Cashier,
Grand Avenue Bank,
Kansas City, Missouri.

"Pay as we go—but where?"



Have Trust Forums Proved Their Worth?

EARL S. MacNEILL

The author is vice-president of the Irving Trust Company, New York City.

ONE of the features of the 33rd Mid-Winter Trust Conference held in New York on February 4-6, was an "Hour of Trust Questions," propounded by Richard P. Chapman, executive vice-president of the Merchants National Bank of Boston, and answered by a panel of six, of which I was a member.

Many questions had been sent in by mail prior to the conference and others were dropped in the question box up to the eve of the meeting. It was impossible to answer all of the questions, so a selection was made of those which appeared most representative. This was not easy to do; but so skillful was Mr. Chapman's exercise of the chairman's prerogative of selecting and editing that—to offer but one example—in the field of trust and financial forums the question put to the panel was the very epitome of several questions on the subject that had been submitted. This question fell to me for reply; and as the time allotted to each question necessarily was brief, I would like to utilize this page for enlargement of my answer.

The question read:

"In promoting new trust business, we have had under consideration the holding of a forum in which outside speakers would discuss taxation, wills, intestacy and estate planning. But our advertising agency discourages the idea, stating that the outside speaker angle is bad and that forums do not attract much business for the bank. Have satisfactory results been obtained by banks that have held such forums?"

The question really has two parts: Are forums generally worthwhile; and is it better to use speakers from within your organization or to seek a "drawing card" from the outside?

THE phrasing of the question indicates that in the advertising agency's view the measure of the forum's value was whether it attracted new business to the bank. But I believe that most banks holding forums have not expected that specific business would come—more or less immediately—as a direct and traceable consequence of the forum. The objectives of the forum—particularly the more general finance forum—are long range. Much basic economic education is necessary as a pre-conditioning of the market for trust services; and one might go on to wonder whether a forum dedicated specifically to trust services can produce satisfactory results without some more general pre-conditioning. Whatever the type—financial or trust—the forum should be classified as an instrument for public relations; certainly it should never be regarded as a substitute for direct sales effort. That should come after the long and patient preparation of the public mind which flows from good public relations, consistently applied; and only then should appraisal be made in terms of business put upon the books.

A parallel has come to my mind that I did not think

of when the question was originally put. How long does it take to train a trust officer? Authorities may differ as to the number of years—but all would agree that it couldn't be done in an afternoon's or evening's lecture, or even in a series of three or four such lectures. Who should expect, then, to train an appreciable segment of the public in so brief a period to such knowledge of the services we offer that employment of these services will be made without explicit sales effort on our part?

I would not attempt to persuade anyone that the forum is the most desirable medium for public education, or contend that, if the forum is utilized, forums should be produced in series *ad infinitum*. No procedure should be pursued to the point of fatigue; change of pace is essential. The burden of my argument is that public education in the economic, legal, and social backgrounds of our business must never be relaxed; and so long as the forum has some element of novelty—so long as people can be attracted to halls and ballrooms to be told these things we want to tell them—then the forum is decidedly worthwhile.

COMING now to the second part of the question—the relative merits of "inside" and "outside" speakers. I have heard arguments in favor of one or the other exclusively; to me the very arguments prove the desirability of having both.

For one will say: "On the principle that distance lends enchantment we need the 'big name'—preferably from some place with a 'big name.' For our own people are too well known in the community; they are 'old familiar faces'—and calling on the companion aphorism that familiarity breeds contempt we protest our inability to draw a crowd if we must rely on home talent. And it's important to have a good turn-out."

To this the answer is cogent: "What value is the crowd if you give it the impression that you have to go outside of your organization and your town for know-how in the business of planning estates—which may very well be admission that you lack talent for administering them also?"

But here is a reconciliation of the two arguments:

Grant each one to be true. Have your drawing card—as "big" as you can get him. Then prove your own stature in the world of trust business by having your own man (or men or women) co-equal on the program with Mr. Big.

Your champion would treat at full length some phase of estate planning that would build up or complement the guest speaker's theme. Don't fear that this would be difficult, for the truth is he knows his business just as well as the guest speaker does; and he knows his community far better. If you can add the talents of two or three local people (on a panel, perhaps) outside of your immediate organization without stirring local jealousies—people so outstanding that their selection is a virtual "must"—then you will have a well-balanced program, drawing card and all. And the drawing card will be your lead—from strength.

The VALUE that cannot be measured...

THIS is the time of year when The Home Insurance Company reports on its operations and progress for the previous year. In so doing, as you will note, we list the physical assets of the company.

One of our most fundamental assets, however, cannot be listed and evaluated in dollars. That asset is the close bond of personal interest and friendship that has always existed between The Home and the policyholders it serves.

This asset has a threefold source. In part, it springs from the very nature of the business in which The Home is engaged. No field of activity is more deeply personal than the field of property insurance... the protection of a man's home, his business, his cherished possessions. Another underlying stimulus of this friendly relationship is the natural concern any policyholder feels regarding the company which provides him protection, and his loyalty to a company which proves itself worthy of loyalty. The third source lies in the whole business philosophy of The Home and its more than 40,000 agents and representatives... a warm and human way of doing business on the directly personal level; a relationship of people with people—people supplying service to people with a need for that service.

To the stockholders who own The Home, no asset is of greater value. Every premium payment, every policy, every claim and every benefit that make up the story of The Home for 1951 is a direct outgrowth of that bond of friendly interest.

It is the foundation on which The Home builds.

Sincerely,



PRESIDENT

PROPERTY
INSURANCE

★ THE HOME ★ Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

Balance Sheet

	December 31, 1951
ADMITTED ASSETS	
United States Government Bonds	\$ 94,712,097.11
Other Bonds	61,066,023.83
Preferred and Common Stocks	137,331,389.75
Cash in Office, Banks and Trust Companies	34,525,001.17
Investment in The Home Indemnity Company	16,775,982.44
Real Estate	6,804,977.76
Agents' Balances or Uncollected Premiums	19,562,958.04
Other Admitted Assets	4,154,929.80
Total Admitted Assets	\$374,933,359.90
LIABILITIES AND CAPITAL	
Reserve for Unearned Premiums	\$163,843,315.15
Unpaid Losses and Loss Expenses	33,259,160.83
Taxes Payable	7,500,000.00
Reserves for Reinsurance	1,783,086.36
Dividends Declared	3,600,000.00
Other Liabilities	4,596,351.05
Total Liabilities	\$214,581,913.39
Capital Stock	\$ 20,000,000.00
Surplus	140,351,446.51
Surplus as Regards Policyholders	\$160,351,446.51
Total	\$374,933,359.90

NOTES: Bonds carried at \$5,514,759 Amortized Value and Cash \$80,000 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Based on December 31, 1951 market quotations for all bonds and stocks owned, the Total Admitted Assets would be \$371,808,657 and the Surplus as Regards Policyholders would be \$157,226,744.



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*Elected January 14, 1952

"Man of Modest Means"

ELMER L. FINGAR

The author is a member of the New York State Bar Association and is associated with the Surrogate's Court of Westchester County. He is co-author of New York Wills—Testamentary Trusts.

WHILE much has been said and written with reference to wills and estate planning for persons of substantial means, scant attention has been given to the equally important will and estate tax problems of plain Mr. Smith.

I shall assume that our Mr. Smith has a wife and two or more minor children; that he is either engaged in a retail business or his chief source of income is a salary, and that the value of his assets of all kinds, including life insurance, does not exceed \$120,000.

I have fixed such a ceiling because of the marital deduction provisions of the 1948 Revenue Act, the effect of which is to permit married persons, the value of whose assets, subject to Federal estate taxes does not exceed such amount, to leave one-half of their property to the surviving spouse without subjecting their estates to such taxes. While the net assets of many of our Mr. Smiths who will die in 1952 will be considerably less than that amount, a large number will leave taxable assets in excess of the Federal estate tax exemption of \$60,000, for the estates of decedents necessarily reflect to some extent, in spite of graduated income taxes, our current inflated economy.

The Smith Dwelling

For example, the modest one-family dwelling of our Mr. Smith, which he constructed or acquired in the 1934-42 period for less than \$15,000, may be appraised for estate tax purposes at \$30,000 to \$35,000. Recognizing the drastic depreciation of the dollar, many of our Mr.

Smiths have increased their life insurance coverage; the ones in business find that their dollar investment in inventories has more than doubled in the past decade. Those holding equity securities are receiving higher dividends and their capital investments in dollars have grown materially. Even the family automobile, ordinarily not regarded as an estate asset, may be of sufficient market value to receive consideration in advising our Mr. Smith with respect to his will, and the planning of his estate.

Assets Include —

Included in the assets of our typical case are the following: cash in banks (checking account plus a small savings account), securities (modest holdings), real property (usually only a home), life insurance upon the life of Mr. Smith (which it will be assumed is subject to Federal estate taxes) payable to Mrs. Smith and, if he is engaged in business, the assets and goodwill thereof. The cash and securities must be included in the computation whether they are in the sole name of Mr. Smith or in the joint names of himself and another (usually Mrs. Smith) payable to the survivor, but only to the extent that Mr. Smith furnished the consideration for the deposit or purchase.

Likewise, real property, such as a home, title to which is in the joint names of Mr. and Mrs. Smith as tenants by the entirety, will constitute an asset of Mr. Smith's estate for Federal estate purposes (and probably for state estate tax purposes) to the extent that he furnished the consideration for its construction or acquisition. Assuming that Mr. Smith is engaged in a business as sole proprietor or partner, that all bank accounts are in the joint names of Mr. and Mrs. Smith payable to the survivor, that

title to their home is in both names as tenants by the entirety or comparable ownership under applicable local law resulting in the survivor becoming the sole owner, that all securities are registered ones in the names of both with right of survivorship, that all life insurance policies are payable outright to Mrs. Smith, and that all tangible personal property, such as an automobile, furniture and personal effects, will pass to Mrs. Smith as exempt property, should Mr. Smith make a will? The answer is an unequivocal yes.

While it is true that normally all of the property will pass to Mrs. Smith by operation of law or contract without testamentary directions or administration proceedings (where there is no will) and that the estate will receive the benefits of the marital deduction provisions of the 1948 Revenue Act, such result is dependent upon Mrs. Smith's surviving her husband.

If, however, Mr. and Mrs. Smith perish in a common disaster, such as an automobile or train accident or an airplane crash, all of the careful planning of our unfortunate couple will be ineffective, for most states do not recognize any presumption that, in the absence of sufficient proof to establish the order of the deaths of persons so dying, that one sex will survive the other.

The Uniform Statute

On the contrary, many states have enacted the Uniform Simultaneous Death Statute to the effect that where property is jointly held by two persons who die under circumstances allowing insufficient evidence to determine the order of their deaths, one-half of such property shall be distributed as if one had survived and one-half as if the other had survived. Also, the same

(CONTINUED ON PAGE 121)

BANK LAW NEWS

State Control of Charters—Stopping Payment—Joint Account

STATE CONTROL OF BANK CHARTERS

Court Upholds Its Validity and the Nomination of Bank Board Members by State Associations.

South Carolina's Supreme Court has upheld the constitutionality of state statutes providing that no bank may be granted a charter without approval of the State Board of Banking Control, and that two members of that board shall be appointed by the governor upon the recommendation of the state bankers association.

One of these statutes provides that before an application for a charter shall be approved, the Banking Board shall determine whether the applicants have complied with the law, whether in the board's opinion they are qualified to operate a bank, and whether establishment of a new bank would serve the public interest.

The other provides that the Banking Board shall be composed of five members, one being the state treasurer; the remaining four are to be appointed by the governor, two of them to be commercial bankers recommended by the state bankers association, and one each to be engaged in the building and loan and cash depositories businesses and recommended by their respective associations.

Board Sets Conditions

Plaintiffs in the case had had their application for a charter refused because the Board of Bank Control, instead of giving its unconditional approval, had set forth certain preliminary conditions to be met. These were, among other things, that larger capital and FDIC membership be obtained, that no part of the capital be invested in real estate, and that an experienced cashier acceptable to the board and the FDIC be secured.

Contending that the board had no

legal authority to impose the conditions, plaintiffs sought to have the court compel issuance of a charter. They maintained that the statutes in question violated the "equal rights" and "due process" clauses of the state and Federal constitutions. While they recognized the right of the state to regulate the conduct of banking institutions in order to protect depositors, "apparently they would limit governmental control to that extent," on the grounds that they "have an inherent right and privilege to engage in the banking business."

No Inherent Right

The court was not impressed. So far as the first statute is concerned, it said, the state constitution gives the legislature power to provide by law "for the thorough examination and inspection of all banking and fiscal corporations." It is "apparent" that regulation of the conduct of business by banks without any regulation or control of their establishment might be wholly ineffective, the court said. It cited the United States Supreme Court's opinion that the police power of a state extends not only to regulation of the banking business but even to its prohibition except under such conditions as the state may prescribe, and then added that it was unable to find anything in the statute depriving anyone of his constitutional rights or privileges.

Holding the second statute valid, the court cited the general rule of law that where a legislature creates an office, it may, when not restricted by the constitution, confer the power of appointment thereto upon public officers or boards, such as "associations, corporations, or persons," and then stated that it was "unable to conceive of a case where there is a more rational and substantial relation to the law to be administered by the appointees than that involved

in the statute before us. In other words, the state bankers' association is obviously an organization especially qualified for the selection of men to be appointed on the Board of Bank Control." *Floyd v. Thornton*, 68 S.E.2d 334. cf. *Paton's Digest*, Banks and Banking §5.

MERGER

The State of Ohio requires any foreign bank wishing to exercise trust powers in the state to deposit \$100,000 with the state treasurer and, upon the bank's "retirement from the state," permits withdrawal of this deposit only upon application to and order of its courts.

When a New York national bank which had deposited \$100,000 merged with a New York state bank which had made a similar deposit, the ownership and disposition of the merged banks' deposit came into question.

Ohio's attorney general ruled that under applicable Federal and state law, the resulting bank succeeded to all of the assets of the merged bank and thus had on deposit \$200,000, or twice that required by law; and that since the resulting bank was still to be considered "the same business and corporate entity" as the merged bank and would continue to administer both its own trusts and those previously undertaken by the merged bank, neither bank was "retiring from the state." Hence, the attorney general ruled, the resulting bank was entitled to be paid the extra \$100,000 and to receive it without the necessity of following the involved court procedure prescribed for "retiring" banks. *Op. A.G., Ohio*, No. 725, 9-10-'51.

STOPPING PAYMENT

Release Clause, Obtained When Stop Order Signed, Is Obtained Too Late.

A New Jersey court has placed that state among those whose courts

(CONTINUED ON PAGE 84)

CCH

Insurance Law Reports

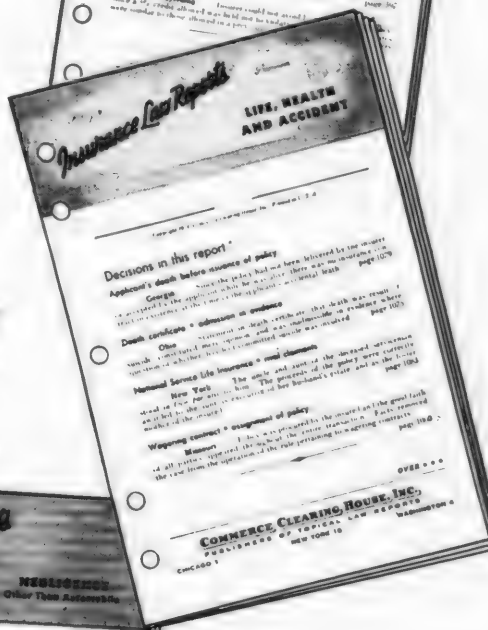
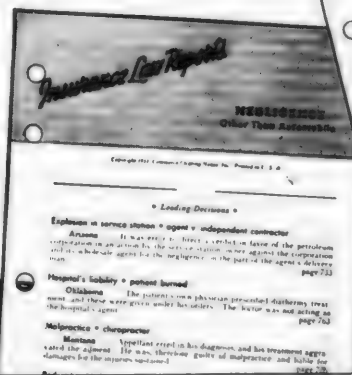
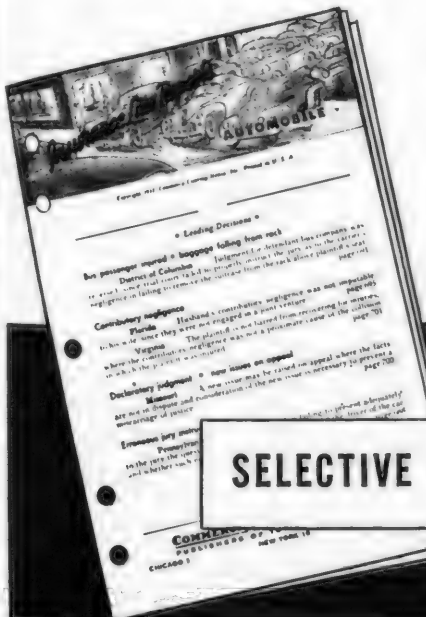
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ing save our precious soil.

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Make it a Massey-Harris 

EVERY RURAL LEADER HAS A STAKE IN SOIL CONSERVATION

(CONTINUED FROM PAGE 82)

hold that an agreement to release a bank from liability for failure to obey a stop-payment order is unenforceable unless given for consideration.

The agreement in question provided that "Should the check be paid through inadvertence, accident or oversight, it is expressly agreed that the bank will in no way be held responsible. The bank receives this request upon the express condition that it shall not be in any way liable for its act should the check be paid by it in the conduct of its business."

This agreement, or release clause, was signed by the drawer of a \$1,900 check after she called the bank on the telephone to direct it to stop payment of the check and had been told to come to the bank to sign its printed form of "Request to Stop Payment of Check." In addition, a little over a month later, she had sent a letter to the bank, describing the check, referring to the previously signed stop payment order, and instructing the bank to "Please be advised that we have cancelled out this check entirely and that it will under no circumstances be ordered paid in the future." Unfortunately, the check was paid by the bank when it was presented a week later.

Failed to Obtain Release When Account Opened

The Superior Court, Appellate Division, observed that when the depositor first opened her checking account, thus commencing a debtor-creditor relationship with the bank, no suggestion of a release clause was made. Consequently, said the court, the bank at that time assumed the contractual obligation of disbursing her funds only according to her order and following her timely instructions in the event that she desired to stop payment.

Thus, the court held, when the bank received the stop payment order its "only real undertaking, which might be advanced as consideration for the release clause, was to do what it was already under clear obligation to do; by the established rule in our state, that did not constitute legal consideration." The bank's suggestion that it could have terminated its depositor's checking account, but refrained from doing so in exchange for her signing the

STATE LEGISLATION TABLE

Advices from Arizona indicate that the Progress Report on Better Banking Legislation which appeared on pages 70-71 of February BANKING was incomplete. During 1951 Arizona enacted the Uniform Fiduciaries and the Uniform Principal and Income Acts. Therefore, that state has enacted 28 rather than the 26 A.B.A. - recommended measures shown on the chart, and thus stands tied for third place in the roster of states in the number of A.B.A. statutes enacted.

release clause, was dismissed, the court stating that there was no evidence of any such bargain.

By finding that there was no consideration for the release clause, the court found it "unnecessary" to decide whether such release clauses are void as against public policy, as some courts have recently done. Nevertheless, it did discuss the issue of public policy, and some of its observations are interesting:

"Perhaps the bank and its depositor may, in legal contemplation, be viewed as having equal bargaining power and freedom of contract, although full recognition of modern day realities may well suggest a contrary conclusion. . . Under the circumstances might it not be appropriate to apply to banks the legal doctrine which has deprived quasi-public enterprises such as utilities of the power to require release clauses . . . ?

The court called attention to the fact that the New Jersey Banking Act, which requires stop orders to be written, provides that they shall remain effective for a maximum period of three months, but may be renewed "from time to time." However, it did not discuss the effect of the act upon plaintiff's letter instructing the bank not to pay the check under any circumstances. It might be interesting to speculate on the validity of the letter as a written stop order, if the check had been presented more than three months after the bank had received the letter. Reinhardt v. Passaic-Clifton Nat. Bank & Trust Co. 84 A.2d 741. cf. Paton's Digest §§1, 5, 6, 7.

J. R. VINCENS

March 1952

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Other Organizations

The news in this department is edited by WILLIAM P. BOGIE of BANKING'S staff.

Larson to Minnesota

FLOYD W. LARSON, national secretary of the American Institute of Banking, has been appointed executive secretary of the MINNESOTA BANKERS ASSOCIATION. The announcement was made by S. J. Kryzsko, president of the MBA.

Mr. Larson will succeed Robert E. Pye who has been the MBA's executive secretary for the last five years.

Born in Minnesota, Mr. Larson received his elementary and secondary education in the Minneapolis public schools, later taking special work at the University of Minnesota. He is a graduate of the Alexander Hamilton Institute.

Receiving his bank training in the Federal Reserve Bank of Minneapolis, while completing his work for the Standard Certificate of the A. I. B., he was elected president of the Minneapolis Chapter in 1928. Completing his term of office, he was appointed executive secretary of that chapter in August 1929, which position he held until November 1937. At that time the national office of the A. I. B. appointed him assistant secretary and he moved to New York. In 1940, he was promoted to national secretary, which office he has held until the present time.

FPRA Conference

DISCUSSIONS on the theme, "Making Public Relations Pay," will draw public relations-minded bankers from seven Eastern states and the District of Columbia to a regional FINANCIAL PUBLIC RELATIONS ASSOCIATION conference in New York, February 29, according to FPRA plans at the time BANKING went to press. The all-day program will be featured by a luncheon talk by S. H. Chelsted, FPRA president and vice-president of the Peoples First National Bank and Trust Company of Pittsburgh. His topic will be, "How

to Increase the Bank's Greatest Asset—Public Relations."

Throughout the morning, the meeting will be devoted to speeches on various phases of public relations by FPRA officers. The speakers are: Rod Maclean, association third vice-president and assistant vice-president of Union Bank and Trust Company, Los Angeles; William O. Heath, FPRA treasurer and vice-president of the Harris Trust and Savings Bank, Chicago; L. L. Matthews, second vice-president of the FPRA and president of the American Trust Company, South Bend, Indiana; and William B. Hall, first vice-president of the association and vice-president of the Detroit Bank.

Following a luncheon, the conference will divide into departmental groups. Each group will hear comments by a panel of experts in the fields of commercial development, trust development, consumer credit, staff relations and savings and mortgages. A question and answer session will follow these talks.

Mortgage Financing

PROBLEMS likely to result from the proposed further curtailment of construction, the prospective shortage of some building materials, the continued scarcity of mortgage funds and the question of how to do FHA and GI mortgage financing at their present below-market frozen rates occupied the attention of mortgage lenders and investors from all sections of the country at the Mid-winter Mortgage Conference of the MORTGAGE BANKERS ASSOCIATION OF AMERICA in Chicago on February 14 and 15.

Floyd W. Larson



Reese Endorsed

EVERETT D. REESE, president of Park National Bank, Newark, Ohio, has been endorsed by the Council of Administration of the OHIO BANKERS ASSOCIATION as a candidate for vice-president of the American Bankers Association.

A former president of the Ohio Bankers Association, Mr. Reese is now chairman of the American Bankers Association's Small Business Credit Commission, a member of the A.B.A. Executive Council and Administrative Committee, and a faculty member of The Graduate School of Banking conducted by the American Bankers Association at Rutgers University.

More than 800 attended what mortgage leaders considered their most important industry meeting since the war. It was the first opportunity for close examination of recommendations which came from the important roundtable hearing of the Senate Banking and Currency Committee in Washington, February 6 to 8, which included a review of defense housing progress and an examination of the problems resulting from lagging FHA and GI mortgage financing. (See page 35.)

Independent Bankers

PERSONNEL of the general arrangements committee for the 18th annual national convention of the INDEPENDENT BANKERS ASSOCIATION have been announced by Guy Sturgeon of Sheridan, Wyoming, national president. The convention is scheduled for Hotel Nicolet in Minneapolis on Sunday - Monday - Tuesday, May 18-20.

General chairman of the convention arrangements committee is Charles C. Rieger, national treasurer of the association. A vice-president of the Marquette National Bank of Minneapolis, head of its correspondent bank division, Mr. Rieger has completed selection of the convention committees and conducted the first general meeting.

(CONTINUED ON PAGE 88)



J. E. BRYAN

PRESIDENT, UNION TRUST COMPANY, ST. PETERSBURG, FLORIDA
President, FLORIDA BANKERS ASSOCIATION

"When our rapid growth required the acquisition of an adjoining building and complete remodeling, your organization appeared to be the best qualified to do the job. We were impressed with your 'specialist' approach in doubling our floor space and relocating several of our departments. It was gratifying to be able to place the entire program in your hands. That our confidence was justified is evidenced by our efficiently arranged and enlarged quarters. You may be interested to know that our deposits have increased 25% since the completion of our building program."

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(CONTINUED FROM PAGE 86)

PBA's Operations Clinic

THE Pennsylvania Bankers Association introduced two new features at its second annual bank operations clinic at the University of Pennsylvania in Philadelphia.

One was a panel of bank examiners, representing four government supervisory agencies, who explained what they expected in bank operations and discussed recommended audit procedures. The other was a talk by an official of the Philadelphia Post Office. His subject was, "Making the Most of the Post Office Mailing Facilities."

More than 400 bankers attended the clinic, presented in cooperation with the University's Wharton School of Finance and Commerce. The program was under the direction of James H. Kennedy, general chairman of PBA's Bank Operations Division, a vice-president and cashier of The Philadelphia National Bank, and chairman of the A.B.A. Bank Management Commission. Moderators were members of the Wharton faculty.



PBA President Robert C. Downie, who is president of the Peoples First National Bank and Trust Company, Pittsburgh, opened the clinic. A strong, independent banking system, he said, is essential to the preservation of the free competitive enterprise system. "Each individual bank plays a vitally important part in our banking system, and the entire independent system is dependent

At the PBA Bank Operations Clinic: Left to right, Dr. Charles R. Whittlesey, professor of finance and economics, Wharton School, moderator; PBA President Robert C. Downie; James H. Kennedy, general chairman of the association's Bank Operations Division

upon strong and well operated banks. One of the primary objectives of the Pennsylvania Bankers Association is to assist its members in the man-

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agement of their individual banks, to the end that each of our banks is a well organized and well operated institution."

Fourteen addresses and four panels were on the agenda. Subjects included: aids and suggestions for improving bank operations, bank advertising, operations in the commercial bookkeeping department, special checking accounts, loan accounting functions and procedures, development of an operating manual, audit safeguards and internal controls, OPA and bank service charges, wage and salary stabilization problems, the savings department of a commercial bank, service charges, the excess profits tax, safe deposit procedure, and tellers, proof, clearing and transit operations.

David M. Auch

DAVID M. AUCH, 56, executive manager of the OHIO BANKERS ASSOCIATION, died in Cleveland on January 30 while on a business trip for the OBA. He had been with the Ohio association 25 years as director of public relations, assistant secretary, secretary, and finally executive manager.

Mr. Auch, a veteran of World War I, attended Marietta College and Ohio State University. For several years he was a newspaperman with the Associated Press in Columbus, Chicago, and St. Louis.

Wisconsin KYB Week

THE WISCONSIN BANKERS ASSOCIATION is preparing to observe "Know Your Bank Week" from April 14 to 19. A kit has been sent to each bank to help in its advance planning for activities that will fit local requirements and conditions.

Conferences

BANKING conferences on various subjects are being held in many states, the Pennsylvania meeting reported this month being one of the outstanding examples.

Two others held in recent weeks were the MISSOURI BANK MANAGEMENT CONFERENCE (jointly sponsored by the MBA, the state university and the state department of finance), and the CALIFORNIA BANKERS ASSOCIATION'S Bank Management Conference.

The PACIFIC NORTHWEST CONFER-

ENCE ON BANKING will be held at the State College of Washington, April 10-11, and a series of five farm credit clinics will be held by the ARKANSAS BANKERS ASSOCIATION the third week in April, with the cooperation of the University of Arkansas and the Federal Reserve Bank of St. Louis.

Colorado School

THE Colorado School of Banking, sponsored by the COLORADO BANKERS ASSOCIATION at the University of Colorado, will conduct its second session from August 17 to 29. This is a 2-year course, with studies in economics, bank law, operations, management, money and banking, accounting and auditing, and a "laboratory" in machine equipment.

A good wife is not simply the one who gets the best husband but the one who makes the best of the husband she gets.

The doctor who says you should have pleasant thoughts at meals doesn't know the price of meat.

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MORE THAN \$300 MILLION PESOS

Colombian Imports from United States:

1947: US. \$ 216,000,000

1948: US. \$ 197,000,000

1949: US. \$ 175,875,095

1950: US. \$ 228,181,724



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BANKING NEWS

Bankers Are Surveying Defense Financing Trends

SEC Abandons Plan to Ban Bankers From Holding Co. Boards

Decision Not to Adopt Limitation Welcomed

Protest filed last month with the Securities and Exchange Commission by the A.B.A. against a proposed SEC rule which would have prohibited bank officers from serving on boards of directors of local public utility holding companies has met with favorable response.

The proposed amendment to SEC Rule U-70 which prohibits integrated registered holding companies from having bank officers on their boards has carried an exemption for bank officers in the case of holding company subsidiaries which are themselves predominantly operating public utility companies in the banks' local areas.

In response to the protest letter sent to the chairman

Self-Employed Social Security Folder for Direct Mail Enclosure

A direct mail folder addressed "To Self-employed Men and Women" advising them of their rights and obligations under Social Security was prepared by the A.B.A. Advertising Department in cooperation with the Federal Security Administration and made available to member banks well ahead of the March 15 filing deadline.

In addition to the pertinent facts included in the folder, it was suggested that readers get the booklet "Do You Work for Yourself?" from the Social Security Office.

As in the case of all A.B.A. promotional material available to banks, this folder provides space for the distributing banks' signatures.

of the SEC on January 8 by D. J. Needham, who was then general counsel of the A.B.A., (CONTINUED ON PAGE 92)

Nationwide Subcommittee Formed to Advise Banks of Developments in Financing Defense

In an effort to assure the smooth operation of the financing of the defense effort by banks, the Credit Policy Commission of the American Bankers Association has formed a new Subcommittee on Financing of Defense Contracts to keep bankers informed of developments in that field. The Subcommittee was announced by Fred F. Florence, chairman of the Credit Policy Commission and president, Republic National Bank, Dallas, Texas.

The 44 members of the Subcommittee are leading bankers from various sections of the country, including a number of present and past officers of the A.B.A. Each man has been asked to observe activities in defense financing, both with or without the V-loan guaranty, in his trade area and report any obstacles or problems which are being encountered. The Subcommittee is intended as a clearing house for ideas and suggestions on overcoming these problems, and as such will perform a service not only to bankers but to the defense program itself.

Kenton R. Cravens, vice-president, Mercantile Trust Company, St. Louis, Missouri, is chairman of the Subcommittee. Included in the membership are Mr. Florence; C. Francis Cocke, president of the A.B.A. and president, The First National Exchange Bank of Roanoke, Roanoke, Virginia; and W. Harold Brenton, vice-president of the A.B.A. and president State Bank of Des Moines, Des Moines, Iowa.

Other members are: Edward Adams, Jr., vice-president, National Bank of Detroit; Julian B. Baird, president, First National Bank, St. Paul; Francis H. Beam, senior vice-president, National City Bank, Cleveland; Keehn W. Berry, president, Whitney National Bank, New Orleans; Carl A. Blinson, executive vice-president, Valley National Bank, Phoenix, Arizona; Anderson Borthwick, president, First National Trust & Savings Bank, San Diego; Charles H. Buesching, president, Lincoln National Bank & Trust Co., Fort Wayne, Indiana; Wendell T. Burns, senior vice-president, Northwestern National Bank, Minneapolis; Roger C. Damon, vice-president, First National Bank, Boston; A. K. Davis, senior vice-president, Wachovia Bank & Trust Company, Winston-Salem, North Carolina.

Carlisle R. Davis, vice-president, State - Planters Bank and Trust Co., Richmond, Virginia; Robert L. Dominick, president, Traders National Bank, Kansas City, Missouri; George S. Eccles, president, First Security Bank of Utah, N.A., Ogden; B. M. Edwards, chairman of board, South Carolina National Bank, Columbia; William M. Hale, executive vice-

Officials of American Bankers Association legislative committees meet with representatives of Federal banking agencies.

Standing, l. to r.—R. E. Reichert, pres., Ann Arbor (Mich.) Bank, and chairman A.B.A. State Bank Division Legislative Committee; D. E. Brumbaugh, pres., First National Bank, Claysburg, Pa., and A.B.A. Committee on Federal Legislation; H. Earl Cook, director, Federal Deposit Insurance Corporation; D. J. Needham, then general counsel, A.B.A.; Oliver S. Powell, member, Board of Governors, Federal Reserve System; Floyd E. Lull, pres., Smith County State Bank, Smith Center, Kansas, and chairman A.B.A. Committee on State Banking Departments; Maple T. Harl, chairman, FDIC; Wm. M. Taylor, Deputy Comptroller of the Currency.

Seated, l. to r.—B. M. Harris, pres., Yellowstone Bank, Columbus, Montana, and vice-president A.B.A. State Bank Division; Guy Sturgeon, pres., Bank of Commerce, Sheridan, Wyoming, and pres., State Bank Division; Harry Arthur, pres., Arthur State Bank, Union, S. C., and chairman, executive committee, State Bank Division; Melvin C. Miller, deputy manager A.B.A., and secretary of Bank Management Commission and State Bank Division



J. O. Brott Succeeds "Sam" Needham As General Counsel

**Needham With A.B.A. 19
Years; Brott 11 Years**

Appointment of J. ("Jerry") Olney Brott as general counsel of the American Bankers Association was announced recently by Harold Stonier, executive manager of the A.B.A. For the past 11 years Mr. Brott, whose headquarters will continue to be in Washington, was assistant general counsel and assistant to D. J. Needham, until Mr. Needham's retirement as general counsel of the A.B.A. on Feb. 1.

Mr. Brott is a native of Hartford, Conn., and a graduate of Yale College and Yale Law School. He practiced law in Hartford for several years after obtaining his law degree. In 1930, he became assistant trust officer of The Hartford-Connecticut Trust Company, and in March 1934, became associated with the legal department of the A.B.A. and was named assistant general counsel in April 1941.

Opens Office

Mr. Needham, who has held the post of general counsel of the Association for the past 19 years, will open an office at 723 15th Street, N. W., in Washington, where he will engage in the publication of an informative letter for banks and other financial institutions, called "Needham's Viewpoint on Banking."

Mr. Needham joined the A.B.A. officially as its general counsel in October 1933. Before that, he was in charge of the legal department of the Central National Bank in Cleveland.

He is a native of Wisconsin and was graduated from the University of Washington in Seattle in 1907 and from its law school two years later. After receiving his law degree, he taught school in Bremerton, for a year and then practiced law for six years.

During World War I, Mr. Needham was counsel of the Cleveland, Ohio, District Ordnance Office of the War Department. For four years after the war, he was assistant United States district attorney for the Northern

Retires



D. J. Needham

Successor



J. O. Brott

Nat'l Debate Themes for A. I. B. Convention in Houston Announced

Four District Teams to Compete in Finals

The 1952 national debate program of the American Institute of Banking is now under way throughout the nation, with individual chapters holding qualifying debates on six approved subjects. These qualifying debates are the first step in choosing the two teams which will compete in the National Debate Contest for the Jesse H. Jones National Convention Debate Fund prizes, to be held on June 3 in Houston, as part of the Institute's Annual Convention.

Expenses Paid

The debates within individual chapters and between chapters, which will be completed by March 31, will decide the chapter to represent each of the four districts in the semifinal contests. Each member of the four district teams will receive \$100 for personal expenses plus transportation to and from Houston, where the semifinals will be held on Monday of the Convention week. The winning teams of the semifinals will then compete on Tuesday for the Jones prizes of \$300 for the winners and \$200 for the losing team.

The six approved subjects to be used for the 1952 debate program are:

- (1) Resolved, That the United States should adopt a Marshall Plan for Asia.
- (2) Resolved, That the

district of Ohio. He joined the Central National Bank in Cleveland in 1922.

Hotel Committee Seeks Room Bookings for A.B.A. Convention

An official announcement regarding hotel accommodations for the 78th Annual Convention of the American Bankers Association to be held at Atlantic City, N. J., Sept. 28 to Oct. 1, has been mailed to all A.B.A. members by the Convention Hotel Committee, representing the New Jersey bankers who will be hosts to the nation's bankers. The chairman and vice-chairman of the Hotel Committee are Harry T. Sickler, president, Guarantee Bank & Trust Company, and Walter E. Beyer, vice-president and trust officer, The Boardwalk National Bank, both of Atlantic City.

"The number of desirable single rooms in each hotel is limited," the Committee says. "Even though there will be an ample supply of rooms, it may not be possible to assign you to the hotel of your first choice. Consequently, it is important that you fill in four choices on the application blank. All applications are to be sent to the Hotel Committee, A.B.A. Convention, 16 Central Pier, Atlantic City, and not to the hotels." Additional application forms may be received from the Committee on request.

United States should adopt a program of universal military training.

- (3) Resolved, That the issuance of tax-exempt securities should be discontinued.

(4) Resolved, That the Federal Government should contribute directly to the support of institutions of higher education in the United States.

Defense Financing Trends Study Group

(CONTINUED FROM PAGE 90)

president, American Trust Company, San Francisco; B. M. Harris, president, Yellowstone Banks, Laurel and Columbus, Montana; Theodore W. Johnson, vice-president, Security-First National Bank, Los Angeles; Herman Jones, Jr., executive vice-president, First National Bank, Atlanta; John W. Kearns, vice-president, First National Bank, Chicago; A. W. Kincade, president, Fourth National Bank, Wichita, Kansas.

Henry A. Kugeler, president, Denver National Bank; J. F. McDermott, vice-president, First National Bank, Omaha, Nebraska; W. R. McQuaid, chairman of board, Barnett National Bank, Jacksonville, Florida; William A. Mitchell, president, Central Trust Company, Cincinnati; George S. Moore, vice-president, National City Bank, New York; Earl R. Muir, president, Louisville Trust Company, Louisville, Kentucky; William K. Paton, president, Farmers Bank, Dover, Delaware; F. Raymond Peterson, chairman of board, First National Bank & Trust Company, Paterson, New Jersey; Ernst Ruth, assistant secretary, Colonial Trust Company, Pittsburgh; E. C. Sammons, president, United States National Bank, Portland, Oregon.

Frank A. Sewell, president, Liberty National Bank & Trust Co., Oklahoma City; Lester E. Shippee, president, Hartford-Connecticut Trust Company; William Taylor, president, First Wisconsin National Bank, Milwaukee; Norfleet Turner, president, First National Bank, Memphis; Don H. Wageman, vice-president, Seattle-First National Bank; Frank C. Welch, president, Peoples Bank and Trust Company, Cedar Rapids, Iowa; J. C. Williams, president, Commerce Trust Company, Kansas City, Missouri; B. Magruder Wingfield, vice-president, National Bank of Commerce, Houston; Carl K. Withers, president, Lincoln National Bank, Newark, New Jersey; E. Lawrence Worstell, vice-president, Philadelphia National Bank.

- (5) Resolved, That non-defense expenditures in the current Federal budget should be reduced by a minimum of \$5-billion.

(6) Resolved, That the Federal Government should adopt a permanent program

(CONTINUED ON PAGE 92)



Robert C. Rutherford

Robert C. Rutherford Named A.I.B.'s New National Secretary

Floyd Larson Takes MBA Secretaryship

Robert C. Rutherford has been named national secretary of the American Institute of Banking, according to announcement by Dr. Harold Stonier, A.B.A. executive manager.

Mr. Rutherford has been a member of the Institute's national staff since 1944 and associate secretary since 1948. He succeeds Floyd W. Larson, who has resigned the post to become executive secretary of the Minnesota Bankers Association (see page 86 for Mr. Larson's appointment.)

The A.I.B. is the largest educational institution of its type in the world, with a membership of 88,712, and 32,323 bank people enrolled in its classes.

Mr. Rutherford's banking career began with the Union Bank of Canada in Manitoba following his discharge from the Canadian Army following WW I. In 1928 he joined the First National Bank of Minneapolis, where he served in various capacities for 14 years. In 1937 he became executive secretary of Minneapolis Chapter, A.I.B., where he remained until he joined the A.I.B. national office in 1944.

He received his standard certificate from Minneapolis Chapter in 1928, and later earned two special graduate certificates.

He is a past instructor and past president of Minneapolis Chapter. Nationally, he was active in debate and public speaking, placing fourth in the National Public Speaking Contest of 1937.

Faculty Conference of G.S.B. to Be Held Saturday, March 15

Alumni Reunion and Banquet are Features

The annual organization meeting of the faculty of The Graduate School of Banking and annual meeting of G.S.B. alumni will be held at the Hotel Biltmore, New York City, on Saturday, March 15. The New York Metropolitan Group of G.S.B. alumni are sponsoring the meeting, and any interested alumnus may attend.

The faculty conference opens with a luncheon followed by the individual meetings of the faculty groups of each of the school's four major fields — commercial banking, savings management, investments, and trusts. Final plans for the forthcoming summer resident session are made at these meetings. This year's session at Rutgers University, New Brunswick, N. J., will be held June 16-28. The faculty this year numbers 54, in addition to which there will be 31 special lecturers.

Following the faculty conference, the school's alumni will hold its reunion, which this year is in charge of a committee from the New York area, who are members of the class of 1950. These meetings will be followed by a reception and banquet.

A.I.B. Debate Themes

(CONTINUED FROM PAGE 91)
of wage and price control.

The Jesse H. Jones National Convention Debate Fund was established in 1948 by Jesse H. Jones, chairman of the board of the National Bank of Commerce, Houston, and former U. S. Secretary of Commerce, to encourage debating as a part of the A.I.B.'s educational program as a means of training bank people in logical thinking, sound analysis, and ability to convince others; and as an encouragement for the study of problems of national and international scope.

The entire debate program is in charge of the A.I.B. National Debate Committee, of which George W. Geuder of the Tradersmens National Bank and Trust Company, Philadelphia, is chairman.

SEC Abandons Plan

(CONTINUED FROM PAGE 90)
the A.B.A. has received a reply from the SEC stating that the proposed amendment to the SEC rule will continue this exemption.

Morton E. Yohalem, director of the Division of Public Utilities of the SEC wrote:

"In its consideration of the proposed amendment to Rule U-70, the Commission had before it your letter of January 8, 1952, and communications from other interested persons expressing views similar to yours. After careful consideration of the statements made in the numerous letters it received, the Commission decided not to adopt the originally proposed limitation on the exemption presently provided by subparagraph (a) (4) (c)."

Record Protection Booklet Reissued by Legislative Group

A second printing of the booklet, *The Retention and Destruction of Bank Records*, has been announced by the Committee on State Legislation of the A.B.A.

John R. Vincens, a member of the A.B.A.'s legal staff, is the author of the series.

The booklet reprints a series of six articles from *BANKING* containing timely information explaining the various means and methods of attacking the books and records problem, both as a wartime protective measure and as a peacetime space-saving necessity.

The booklet includes material on these general subjects:

"The Retention and Destruction of Bank Records"; "Statutes on Record Retention"; "A Suggested Form of Microfilm Statute, With Explanatory Statement"; "Microfilming Bank Records"; and "Protecting Bank Records Against Bombing." It also includes a "Bibliography on Protection of Bank Records in Wartime."

The statutory material which appeared in the original articles has been brought up to date in an appendix to the booklet.

Copies of the booklet may be obtained at a nominal charge by writing the Committee on State Legislation, 12 E. 36th Street, New York.



Carroll A. Gunderson

Carroll A. Gunderson Assumes Washington Office Staff Duties

To Continue National Bank and Credit Duties

Carroll A. Gunderson, deputy manager of the American Bankers Association, assumed some of the staff work of the Washington office of the Association beginning Feb. 18, according to Dr. Harold Stonier, A.B.A. executive manager.

He also continues to maintain an office in the New York headquarters, where he has carried on his activities in connection with the National Bank Division, the Credit Policy Commission, and the Small Business Credit Commission, of which groups he is secretary.

Mr. Gunderson received his LL.B. at St. Paul (Minn.) College of Law and is a member of the Minnesota Bar.

He began his banking career with the Merchants Trust and Savings Bank of St. Paul in 1921. When the Merchants became affiliated with the First Bank Stock Corporation of St. Paul, he was transferred as secretary to the First Bancredit Corporation, a subsidiary finance company. Later he became vice-president and a director of the First Bancredit Corporation.

In 1936, Mr. Gunderson joined the Credit Utility Company, Incorporated, with headquarters in Cleveland. In 1942, he was given a leave to assist in the Government's wartime financing activities.

Upon completion of his war service he joined the A.B.A.

In 1927 Mr. Gunderson won second place in the A.I.B.'s National Public Speaking Contest. He was president of St. Paul Chapter in 1928.

Trust Service

Plenty of Food for Thought

DISCUSSIONS at the 33rd Midwinter Trust Conference of the American Bankers Association in New York last month emphasized the effect of the current domestic and international problems on the trust business, efficient operations, sound investment policies, and the responsibility of trust men to help prevent national moral and financial bankruptcy.

Trust men from 41 states the District of Columbia, Hawaii, Bermuda, and Canada attended the Conference, which was under the auspices of the A.B.A.'s Trust Division. To give those attending the greatest opportunity to exchange ideas, the "get acquainted" hour, following the first session, was repeated again this year and a large part of two of the sessions was devoted to question-and-answer discussions.

It isn't possible in this limited space to present the prepared manuscripts in full, of those who had them; however, we do give some of the high points made by a number of the speakers in the order in which the addresses were made. Every one of the speakers gave the delegates plenty of food for thought.

In opening the Conference, Merle E. Sealeman, secretary and deputy manager of the A.B.A., stated that traditionally trust men have shown a reluctance to increase their fees to compensate for the multiplicity of problems with which they must grapple today that didn't exist 33 years ago when the first Midwinter Conference was held.

"Trustees for our Country . . ."

In an address before the opening session, Joseph W. White, vice-president of the Mercantile Trust Company, St. Louis, and president of the Trust Division, inventoried and appraised the work of the Trust Division reciprocal legislation, investments for pension trusts, cost reductions, public relations, and the importance of trusteeship.

In his concluding remarks, President White appealed to the trustmen to realize "that we have a responsibility in the crisis that faces us. We are also trustees for our country, charged with an obligation to do our part to prevent this moral breakdown which threatens. . . ."

"So, in the name of trusteeship, which means so much to all of us, I ask you to become militant in leading our country back to sanity, back to the high principles and moral standards that made it the greatest nation in all the world."

Another speaker at this first session was Dr. Theodore G. Gronert chairman of the department of history, Wabash College, Crawfordsville, Indiana, whose topic was "America at the Cross Roads."

Dr. Gronert developed the thesis that Russian communists cannot defeat America, but that we can defeat ourselves through internal waste, selfishness, and bureaucracy.

Concluding on a somber note, Dr. Gronert warned: "... Waste, inefficiency, and corruption mean the same in English as in Latin; and these evils cannot be cured by joining 'gimme' groups whose demands give more impetus to the vicious spiral of inflation. Every failure to balance our budget, every complacent defense of deficit finance is greeted with cheers by the leaders of the USSR."

"What the Trust Department Should . . ."

Robert A. Wilson, senior vice-president of the Pennsylvania Company for Banking and Trusts, Philadelphia, and vice-president of the Trust Division, presided over the second session. An interesting feature of the session was a discussion by four prominent bankers of "What the Trust Department Should—Tell Its Customers" (Thomas H. Beacom, vice-president, The First National Bank of Chicago); "—Tell Its President" (Walter Kennedy, president,



Top management at the Trust Conference, left to right: Messrs. Sealeman, Wilson, Cocke, White, and (N. Baxter) Maddox (vice-president and trust officer, First National Bank, Atlanta, and chairman, Trust Division's Executive Committee)

First National Bank, Montgomery, Alabama); "—Tell Its Directors" (R. M. Alton, vice-president and director, United States National Bank, Portland, Oregon); "—Tell Its Stockholders" (Swayne P. Goodenough, vice-president, Lincoln Rochester Trust Company, Rochester, New York).

"Tell Prospective Customers"

Mr. Beacom summarized what his bank tells the prospective customer, stating in part:

"First, we believe that a customer must have complete confidence in the individual or bank chosen to act as a fiduciary. . . . we tell prospects that if they have not enough confidence in the integrity of the trustee to confer broad powers on the trustee, they should look around for another in whom they can repose complete and unqualified faith."

"Secondly, we emphasize that our word should not be taken for every conclusion that we express; we urge the customer to check our judgment with that of his other advisors, including particularly his lawyer, his insurance counsel, and his accountant."

"Third, we take pains to eliminate as much as we can of the mystery that commonly attaches to the trust business. In keeping with this idea, and risking the charge of immodesty, we entitled our last booklet *What You and Your Family Should Know About the Trust Business*. We knew we could not tell all that all people might want to know, but we thought it was possible to tell enough of what most people were interested in to justify the name we gave the product. . . ."

"In dealing with customers already on the books we try to follow three simple rules. We aim, first, to be accurate; second, prompt; third, clear. Accuracy is our stock-in-trade. . . ."

"Tell Its President"

In a discussion of what the trust department should tell its president, Mr. Kennedy epitomized the main fields as "investments, customer relations, employee relations, operations, and business development."

Commenting on these classifications, he said:

"After more than 20 years of intimate contact with trust work, I am more convinced than ever that investment management is the essence of trust business."

Other information which Mr. Kennedy believes should be



Left, Messrs. Barkdull and Nadler; right, trust questions panel (left to right), Messrs. Stephenson, MacNeill, Cleaver, Chapman, Robinson, Zukoski and McLucas.

passed along to the president includes: Controversies with customers that may conceivably result in claims or suits; information on the work of the members of the trust department staff, either through merit ratings or progress reports, or other similar means; monthly profit and loss statement; unusual expenditures large enough to materially affect the bank's expenses should be discussed in advance; changes in methods that may affect operating expenses or banking operations; changes in fee schedule or proposed deviation from the regular schedule; irregularities of any importance; written report commenting on each item in the section of examiners' reports described as 'matters requiring attention'; type of new business program being conducted and what individual prospects are being solicited; and a monthly business development report, which should include various advertising media used, number of business solicitation calls made, list of new appointments consummated, and list of appointments pending.

"Tell Its Directors"

Give the directors, says Mr. Alton "first, that information legally required to be furnished the director; and secondly, additional information we think they should have but do not receive."

After discussing various types of information the trust department should give a bank's directors. Mr. Alton made these suggestions on how the information should be given:

Rotation of directors through the directors' examining committee and through those committees set up under wills and trusts requiring the exercise of discretion in the distribution of a testator's charitable and public beneficence.

Trust officer should call upon the directors periodically, not only to give information but also to get their opinions on the multiplicity of problems which are the concern of the trust department and on which the director is an authority.

Hold a directors' forum, during which trust officers who are specialists in their respective fields would explain the trust organization and their particular role in the operation.

"Tell Its Stockholders"

Mr. Goodenough made this suggestion on how to inform stockholders: The president's annual report to stockholders should occasionally include a description of the functions of the trust department, including "pictures in abundance—in formal groups, individual shots of the trust officers, a picture of the directors' trust committee—and a brief history of the department, its functions, and facilities."

Of his own bank's stockholders' report, Mr. Goodenough said: "We gave a few short interesting examples of typical trust services and featured the growth of the trust department through the years."

Other suggestions based upon his bank's own practice, included: A letter of welcome to new stockholders in which attention may be called to trust department facilities; direct mail piece with anecdotes about wills and will-making; financial forums for stockholders; and personal calls for talks with stockholders about their own affairs.

What Price Service?

Another speaker at this session was Harry M. Bardt, vice-president and senior trust officer, Bank of America, San Francisco, whose topic was "What Price Trust Service?"

After summarizing studies that reveal that a large percentage of trust departments lean heavily for their maintenance of the relatively profitable commercial activities and sounding a warning against continuation of this practice, Mr. Bardt spoke about factors that make it difficult for a trust department to pay its own way.

Speaking with emphasis, Mr. Bardt told the trust men that "there is no good reason why we should not make a charge for our services which will assure us a reasonable profit. To attain this most desirable objective, costs must be ascertained and controlled. Present accounts must be reviewed and firm efforts must be made to adjust existing rates of charges by agreement with beneficiaries and other interested persons. This can and has been done on numerous occasions by many institutions."

... Impact on Trust Investments

Some conclusions drawn by Dr. Marcus Nadler, professor of finance, New York University, in his address on "The Impact of the Emergency on Trust Investments" were:

"(1) The emergency arising out of the Korean war is not temporary in character and will not come to an end with the termination of hostilities in Korea. The emergency has set in motion forces which will be long felt in the economic and social life of the country. . . .

"(2) The present emergency has not only changed the expected business pattern during 1950-52, but it will continue to influence business activity in the future.

"(3) The initiative taken by the United States Government in the Korean conflict has definitely established the U. S. as the leader of the free world. . . . From now on, any political incident throughout the world and particularly among the free nations is bound to find its reflection in the organized markets for securities and commodities of the United States. . . .

"(4) While the aftermath of the Korean war has had a favorable effect on business activity, it has at the same time made the economy more rigid and more susceptible to a downward swing when defense expenditures and capital outlays by corporations begin to taper off.

"(5) The prime problem arising out of the emergency is how to strengthen the military might of the free world and at the same time keep the economy not only of this country but of other free nations healthy. . . .

"(6) As far as trust companies are concerned, the time is approaching for a reappraisal of the ratios between stocks and bonds held in the portfolios of trusts . . . once military and capital expenditures begin to decline, a downward readjustment in business is likely to take place. . . .

"(7) . . . Since the return on bonds has increased considerably, investing in fixed-income-bearing obligations has become more attractive than during the last decade or so."

Trust and Commercial Cooperation

C. Francis Cocke, president of The First National Exchange Bank of Roanoke, Virginia, and president of the American Bankers Association, cautioned against relaxation of vigilance in the important field of credit. "The full impact of the defense program," he said, "has not as yet been felt."

President Cocke dwelt at some length on the problems involving cooperation between the commercial department and the trust department and offered some suggestions for solving problems of noncooperation, as follows:

(1) Inculcate in the minds of all officers and employees that their primary responsibility is toward the bank as a whole.

(2) Create on the part of all officers a desire to see that their bank provides greater service to every customer, so that in the end the customer benefits from all of the services which the bank offers.

(3) Three fundamentals—friendship, understanding, and confidence—are essential to the problem of breaking down natural departmental barriers and developing real cooperation between the commercial and trust departments.

"In order to build up a working knowledge of the bank as a whole," Mr. Cocke said. "I require one of the senior trust officers to attend the loan officers' meeting every morning, and also to attend a meeting of all of the senior officers which follows this first meeting. In this way, all of the senior officers are daily kept in touch with every important matter which transpires in the bank each day."

"We also had a weekly meeting of all the trust officers with the senior executive and senior lending officers. . . ."

Two A.B.A.'s. Cooperate

The close ties between the members of the American Bar Association and the American Bankers Association with respect to the administration of estate and trust matters was again emphasized by the presence of the Bar Association's present president, Howard L. Barkdull of Cleveland, Ohio, who spoke on "The Trust Fraternity and the Practicing Lawyer."

"The preparation of wills is itself a specialty," he said, "and here is one of the fields wherein cooperation of the trust company and the attorney can be of greatest benefit to themselves and to the public. The bar cannot advertise, whereas the trust companies may properly do so; and a large amount of good is being accomplished by advertisements of the banks pointing out the importance of wills, urging people to make them and to go to their attorneys for this purpose. . . ."

Formula Investing

"Ten Years of Formula Investing" was the title of an address made by Charles F. Zukoski, Jr., vice-president and trust officer, First National Bank, Birmingham, Alabama.

Formula planning of investments proceeds upon the assumption that a sound investment program calls for a proper balance as between fixed-income, defensive types of securities such as bonds, and more aggressive types of securities such as stocks. "The plans assume that the stock market will continue to fluctuate," he said, "that it is wise

to increase holdings of stocks in a low stock market and to decrease them in a high, and that the best way in which to control the relationship of bonds to stocks, in the different phases of the business and stock market cycle, is to substitute the law of averages and a predetermined formula for individual judgment in timing purchases and sales."

Chemicals as Investments

In an analysis of the chemical industry as an investment opportunity, Richard B. Schneider, assistant vice-president of the chemical development department of W. R. Grace & Co., New York City, concluded with this statement:

"Suitable stewardship of invested funds leading to both good earnings and long-range growth is relatively certain in sound companies in the chemical field."

A considerable portion of this session was devoted to a "Question Period on Trust Investments," with panel members answering the questions sent in beforehand by Trust Division members.

At the fifth session of the Conference on Wednesday morning, another panel of seven members answered questions previously submitted by trust men on trust subjects. This panel was composed of Richard P. Chapman, executive vice-president, Merchants National Bank, Boston, leader; William G. Cleaver, vice-president and trust officer, The First National Bank and Trust Company, New Haven; Don H. McClucas, vice-president, The Northern Trust Company, Chicago; Earl S. MacNeill, vice-president, Irving Trust Co., New York; George C. Robinson, assistant vice-president, Fidelity-Philadelphia Trust Co.; Gilbert T. Stephenson, Pendleton, North Carolina; and Charles F. Zukoski, Jr., vice-president and trust officer, First National Bank, Birmingham. (See page 77 for some panel comments.)

Estate Planning Team

The final speaker at this session was Mayo Shattuck, of Hausserman, Davison, Shattuck & Field, Boston, whose subject was "The Estate Planning Team—Its Duties and Functions."

On the subject of legal forms, Mr. Shattuck said that "any forms shown to a customer should have these characteristics:

"(1) It should have been especially and carefully prepared by a lawyer, and the lawyer should have given an opinion as to its limitations and deficiencies for uncontrolled use.

"(2) The statement of limitations and deficiencies should be firmly attached to the form or, better yet, incorporated in its opening parts.

"(3) On the form itself, in substantial sized type, should appear a warning that the form must not, any circumstances, be executed without independent legal advice."

The Conference was concluded with the customary New York Clearing House luncheon at noon on Wednesday, when Alexander C. Nagle, clearing house president and president, First National Bank of New York, extended greetings to the trust men. Leonard W. Brockington, C.M.G., K.C., Toronto, was the luncheon speaker.

M. B. L.

PHOTOS BY MARY B. LEACH



An audience shot showing only a few of the trust men that packed the huge Waldorf-Astoria ballroom.

Consumer Credit

News and Comment from Our Consumer Credit Department and Other Sources

National Instalment Credit Conference Program Announced

THE National Instalment Credit Conference sponsored by the A.B.A.'s Consumer Credit Committee will take up the problems of extending instalment credit under the complications of Government controls and cutbacks. The Conference will be held at the La Salle Hotel in Chicago on March 24, 25, 26.

Paul M. Welch, chairman of the Committee and vice-president of The Citizens & Southern National Bank, Atlanta, Georgia, in announcing the tentative program notes that the conference will seek to answer these questions:

How will the present national emergency affect individual credit?

What is the forecast for the production of durable goods?

How can banking maintain its leadership?

How can internal or external fraud controls be set up?

Are interest rates too low? Too high?

What are the public relations aspects of instalment credit?

What are the problems of automobile financing?

How can outstandings be protected?

What are the facts on consumer credit controls?

What should be bankers' instalment credit policy during the remainder of 1952?

Each of the morning sessions of the conference will take up the over-all business situation while afternoon sessions will be taken up with panel discussions on instalment credit administration. Audience participation in the panels will be encouraged.

The tentative program for the conference follows:

Monday, March 24

10 A.M.

Chairman, Paul M. Welch. "People and Banking Leadership," by W. Harold Bren-

ton, vice-president, A.B.A. and president, State Bank of Des Moines, Iowa.

"Consumer Credit Outlook," by Thomas C. Boushall, president, Bank of Virginia, Richmond.

2 P.M.

Chairman, Edward J. Frey, vice-president, Union Bank of Michigan, Grand Rapids.

Panel on "Collections." Moderator, E. I. H. Bennett, vice-president, Peoples First National Bank & Trust Company, Pittsburgh, Pennsylvania. Panel members, D. E. Abram, vice-president, United States National Bank, Portland, Oregon; A. F. Goodman, vice-president, Winters National Bank & Trust Company, Dayton, Ohio.

Panel on "Fraud Controls." Moderator, Charles E. Harmon, vice-president, Northwestern National Bank, Minneapolis. Panel members, H. E. Roof, vice-president, Central Bank & Trust Company, Denver, Colorado; (additional member to be announced).

Panel on "Public Relations." Moderator, D. Z. Albright, vice-president, Security-First National Bank of Los Angeles. Panel members, John B. Paddi, vice-president, Manufacturers Trust Company, New York City; Keith G. Cone, vice-president, La Salle National Bank, Chicago.

Tuesday, March 25

9:30 A.M.

Chairman, Everett D. Reese, chairman, A.B.A. Small Business Credit Commission, and president, Park National Bank, Newark, Ohio.

(Speaker to be announced.) "Let's Make Dealers Better Business Men," by William A. Blees, vice-president, Crosley Division AVCO Manufacturing Company, Cincinnati.

Address by Ray M. Gidney, president, Federal Reserve Bank of Cleveland, Ohio.

2 P.M.

Chairman, John M. Galvin,



Paul M. Welch

vice-president, Marine Trust Company, Buffalo, New York.

Panel on "Dealer Automobile Financing." Moderator, A. Guy Ropp, executive vice-president, Industrial Bank, Detroit. Panel members, John L. Gibson, vice-president, Republic National Bank, Dallas, Texas; Paul R. Geisinger, vice-president, National City Bank, Cleveland, Ohio.

Panel on "Rates." Moderator (to be announced). Panel members, E. F. Longinotti, vice-president, Union Planters National Bank and Trust Company, Memphis, Tennessee; (additional member to be announced).

Panel on "Personal Loans for Business Purposes." Moderator, Carl M. Flora, vice-president, First Wisconsin National Bank, Milwaukee. Panel members, Charles A. Truitt, vice-president, Commerce Trust Company, Kansas City, Missouri; Horace Rogers, president, National Bank of Geneva, New York.

Wednesday, March 26

9:30 A.M.

Chairman, William F. Kelly, senior vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia.

Address by Joseph L. Wood, assistant treasurer, Johns-Manville Corporation, New York City.

"A Critical Look at the Consumer Market," by Dr. Earl L. Butz, economist, Purdue University Lafayette, Indiana.

(Speaker to be announced.) "Summary," by Mr. Welch.

Book on Instalment Computations Can Be Helpful to Banks

Neifeld's *Guide to Instalment Computations*, Mack Publishing Company, Easton, Pennsylvania.

This book is a guide to instalment payment computations. With emphasis on practical application, it supplies a long-felt need for many operators in the field of consumer credit.

As the presentation is designed for practitioners, explanations are not too rigidly developed from a mathematical sense. The examples in this book, illustrations of consumer credit in action, cover a broad range of real life situations and increase your understanding of credit and business principles. Dr. Neifeld's step-by-step explanations of instalment formulas and their use simplify your figuring and make troublesome problems crystal clear. Tables included in the appendix will save hours of needless figuring.

This book contains the first systematic presentation of the "action of principal," a simple but powerful concept which illuminates for the reader the reasoning behind the formulas and makes him able to devise new ones at need. The mysteries of formulas are removed by a presentation of the arithmetic involved and by one or more practical problems worked out in detail.

Whether you make cash loans—real estate loans—sell annuities or goods on time—this book should be helpful.

L. J. ASTERITA

The Obligation and the Right

Bankers have the obligation of providing the needed credit, not for just the select few, but for the majority of the creditworthy people of their communities. The people have the right to expect their bank to serve them properly.

—PAUL M. WELCH

Housing and Mortgage Credit

News and Comment from Our Saving and Mortgage Division and Other Sources

Mortgage Financing Roundtable

A THREE-DAY round table discussion on mortgage financing was sponsored by the Senate Banking and Currency Committee on February 6-8, 1952 in Washington. Housing and mortgage credit leaders explored ways and means of encouraging the flow of mortgage loans into defense housing channels. They also discussed Federal legislation needed to meet the housing requirements of the country.

Credit Variation

A clarifying result of the discussion was a recognition of the fact that there is no cure-all for the problems of housing and that mortgage lending requires a different approach to different situations. Housing needed in critical defense areas is of an emergency nature, and the demand for mortgage funds for that purpose should not be compared with the normal mortgage demands of the average homebuilder.

Finding mortgage funds for areas where defense installations are being planned, present other problems and are not as readily provided as loans in areas where lending institutions are familiar with the character of the community, and banking resources are available.

Interest

Statements advising a change in interest rates to encourage a flow of capital for mortgage purposes were confined largely to defense housing in critical areas and in new defense establishments. It was strongly argued that present limitations of 4½ percent for lending in this unseasoned field under FHA Title IX, were not realistic, and the belief was expressed that an effective rate which would compete more favorably in the present money market would be 4½ percent.

Comments were also made to the effect that Government insured and guaranteed loans are holding to rates

that have been in force prior to the change in money rate policies in the spring of 1951, and that they have not been permitted to seek a readjustment level.

1952 Construction

Government officials were in agreement that a total of not exceeding 800,000 housing units should be the goal for housing in 1952. Not only would this restriction of amount be effective for the availability of scarce materials, but it is the limit that can safely be financed.

Secondary Markets

The importance of maintaining secondary markets for mortgage loans was emphasized, but the solution for its best accomplishment was not so apparent. Views that FNMA as a standby agency for emergency purposes, with a long range view of absorption into private enterprise sources, were expressed. The possibility of a central mortgage bank for the purchase and sale of mortgages in the secondary market maintained by private funds to replace FNMA was explored.

Thomas L. Nims, assistant secretary, Savings and Mortgage Division, was present at the meeting as an observer for the A.B.A. (See front cover, also page 35.)



COURTESY THE CHRISTIAN SCIENCE MONITOR

"Jet propulsion? No, just a house of the future heated by atomic energy"

Banker Says Homes Are Underinsured

A WARNING that a majority of homes are underinsured on the basis of present-day replacement costs was issued recently by George C. Johnson, president of The Dime Savings Bank of Brooklyn, world's largest originator and holder of home mortgages.

In a letter, set up to attract maximum reader interest, mailed to the bank's 67,398 mortgage borrowers, Mr. Johnson pointed out that "the cost of constructing or repairing the average building has more than doubled in the past 10 years . . . and the amount of insurance which we require you to carry may not be adequate to fully protect you as the owner of the property."

"There may be a substantial difference between our needs as mortgagee and yours as the owner," the letter stated. "Obviously, you have a greater investment to protect than we have."

He particularly stressed the importance of extended coverage.

"If you carry less than 80 percent of the present cost of replacing or repairing your property, you may not receive dollar for dollar in payment of damage resulting from fire," the letter stated. Mortgagors were advised to consult their insurance brokers or agents for detailed information pertaining to co-insurance and proper coverage.

New Products Boon to Homebuilders

"New products in the building industry," writes Grace Miller in *The Christian Science Monitor*, "are tinting the clouds of critical material shortages with a silver lining." Miss Miller's conclusions were drawn from the papers given and displays shown at the National Association of Home Builders in Chicago.

The *Monitor* quotes W. P. Atkinson, retiring president

of the NAHB, as saying that "government controls during this defense-preparation period will slow down home building, but the research program of the industry will continue to spurt ahead."

"He listed some innovations expected to come in low- to medium-cost houses from five to 10 years hence— heating by atomic power; soundproofing devices that will permit different members of the family to listen to the radio or watch television simultaneously without interference."

"At the push of a button, a portion of the roof may swing open to reveal the starlit sky. This latter innovation, however, will likely be found only in luxury houses."

"Mr. Atkinson foresaw— probably 25 years away—the use of compressed air curtains or opaque gases as walls or barriers to keep cooking odors in the kitchen."

Miss Miller reported that "individual manufacturers of home building wares thought new products that employ less critical materials may open the way for building more than the 800,000 homes limit."

Mortgage Theses in Present Day Banking

TWO theses on mortgage lending home financing that may have more than passing interest for mortgage officers are included in the new edition of *Present Day Banking 1952*, published last month by the A.B.A.

Byron L. Mortenson, assistant cashier of the Wells Fargo Bank & Union Trust Company, San Francisco, wrote his thesis on "FNMA in GI Home Financing."

Elbert B. Schenkel, deputy mortgage officer, The Bowery Savings Bank, New York, wrote on "Nationwide Mortgage Lending for Mutual Savings Banks." Mr. Schenkel discusses just about every angle to be considered by banks desiring to participate in the nationwide mortgage market rather than limiting their activities to the confines of their own states' boundaries.

Savings

News and Comment from Our Savings and Mortgage Division and Other Sources

Thrift Account Rates In New York State Raised from 2 to 2½%

ACtion last month by the State Banking Board of New York State opened the way for higher dividend and interest rates on savings and thrift deposits by commercial and savings banks. The maximum rate was lifted from 2 percent annually to 2½ percent.

This new ceiling is permissive. The Banking Department also ruled that on special interest and thrift deposits, commercial banks can pay the 2½ percent rate up to the first \$10,000, but only 1½ percent on deposits in excess of that amount.

The introduction in the Legislature of a bill permitting savings banks to pay special or extra dividends so long as the annual aggregate does not exceed the new maximum rate was arranged for by the department.

In the case of time deposits of commercial banks, instead of the previous uniform ceiling of 2 percent, the board set maximum rates, as follows: 1 percent on deposits of less than 90 days' maturity, compounded quarterly; 2 percent for more than 90 days but less than six months, and 2½ percent for more than six months and on postal savings deposits.

These maximum time deposit rates are similar to those in the FRB's Regulation "Q." For the first time commercial banks were permitted certain days of grace, in addition to interest at the ceiling rate, without violation and restrictions.

New York State has 1,640* banks, of which 130 are mutual savings banks. Sixteen hundred, or 98 percent of the state's banks, have savings facilities.

Following the announcement, several savings banks said they would pay the 2½ percent rate, beginning with the current quarter.

* Includes branch offices.

Reminder

THE program for the annual Savings and Mortgage Conference and for the National School Savings Forum of the A.B.A.'s Savings and Mortgage Division, to be held at the Statler Hotel in New York on March 3-5 may be found on page 87 of February BANKING.

Senate Bills Would Curb Savings and Loan Branches

Two bills introduced in the U. S. Senate would have the effect, if enacted, of restricting savings and loans associations with respect to operating branches. Senate Bill 2517, introduced recently by Senator Burnet R. Maybank, chairman of the Senate Banking and Currency Committee, would amend Section 5 of the Home Owners' Loan Act of 1933, as amended, and thus clarify the rights of Federal savings and loan associations to establish branches.

Provisions

This new bill would place Federal savings and loan associations on a branch office parity with state-chartered savings and loan associations, and would apply the restrictions in force under the various state laws to federal and state-chartered institutions alike.

The third paragraph of the bill restricts Federal savings and loan associations with respect to establishment and operation of new branches to the laws of the state in which they are situated, in the same manner that state-chartered savings and loan associations are restricted. In effect, the bill provides the same type of parity that now exists between state and federally chartered banks.

The proposed legislation would further provide that

"no branch of a Federal savings and loan association shall be established outside of the state in which the home office of such association is situated."

The provisions of the proposed amendment to the Home Owners' Loan Act of 1933 are in accordance with the recommendations made by the Savings and Mortgage Division of the American Bankers Association, in an effort to clear up confusion resulting from rulings of the Home Loan Bank Board. The Board has permitted Federal savings and loan associations to establish branches which in many states are contrary to restrictions placed on state-chartered financial institutions, including building and loan associations.

S. 2564

The second bill, S. 2564, introduced by Senator Frear, of Delaware, similar to the Maybank bill with respect to objectives, would restrict Federal savings and loan associations and mutual savings banks to the same branch privileges.

No date had been set for hearings on these bills at BANKING's press time.

Operating Hint From Mutual Savings Bank Conference

LEADING authorities in the savings bank field spoke or participated in panel discussions during the three-day savings bank conference on operations, audit, and control in New York last month, under the auspices of the National Association of Mutual Savings Banks.

Simplification

Among the speakers was Everett J. Livesey, controller of The Dime Savings Bank of Brooklyn, whose topic was "Work Simplification." The Dime, after becoming interested in a work simplification seminar conducted by the New York University, persuaded Professor Mullee to conduct a seminar for picked represen-

tatives from each department of the bank.

"The first step, of course," said Mr. Livesey, "was to sell the idea to the officers and department heads. . . . Professor Mullee put the 'class' through several hours of the same sort of training which the departmental representatives would later get—but on a fast, highly condensed basis. Actual charts were used; specific examples were worked out.

"When the sessions had ended, everyone was sold. The concluding event of this first phase of the program was to ask each department head to nominate his representative for the course. You see, right from the beginning we put the matter squarely in the hands of the department head."

After the sessions, the men began to apply what they had learned. One officer was appointed to coordinate the program. In the case of a project that involves several departments, all affected departments are brought into the discussion and all department heads must accept the proposal before the change is made.

"Every several months," Mr. Livesey said, "the president of the bank, together with other senior officers, meets with the coordinator and the work simplification representatives at lunch. On that occasion, each representative tells the president of the work which he has completed since the last luncheon, and of the projects which he still has under way."

As to its effectiveness, Mr. Livesey said:

"Who wouldn't be enthusiastic about such an arrangement? Entire control over his department remained with the department head. The fundamental principle of organization, that he who is responsible must have commensurate authority, remained inviolate. All credit for increased efficiency, new ideas, new procedures, went to the department head. Rare indeed would be the man who would not 'buy' the arrangement on such a basis."

School Savings Plan Discussed in 1952

Present Day Banking

PRESENT *Day Banking 1952*, published in February by the American Bankers Association, contains digests of 27 Graduate School of Banking theses selected for the A.B.A. Library from those submitted by the G.S.B. class of

1951 in partial fulfillment of the requirements for graduation.

Among the theses is one by Frank E. Taylor, Jr., vice-president of the Fulton National Bank of Atlanta, entitled "Sponsoring a School Savings Bank." Mr. Taylor gives a thorough presentation of the plan followed by Fulton in sponsoring school banking in conjunction with Junior Achievement, Inc.

Liquid Savings Hit 6-Year Peak

LIQUID savings of individuals aggregating \$5,700,000-000 in the third quarter of 1951 (latest figures available and only recently announced) reached the highest amount since the fourth quarter of 1945, according to a Securities and Exchange Commission estimate. Result: Increased bank deposits.

Buyers' Resistance Results in Savings

"DURING the second half of 1951 a considerable buyers' resistance developed and many individuals increased their savings," said Dr. Marcus Nadler, consulting economist to the Hanover Bank, New York. "This resistance still continues and savings of the people in 1952 ought to remain at a high rate."

CALENDAR

American Bankers Association

Mar.	3-5	Annual A.B.A. Savings and Mortgage Conference, Statler Hotel, New York, N. Y.
Mar.	6-7	A.B.A. Savings and Mortgage Division Committee on Real Estate Mortgages, New York, N. Y.
Mar.	6-7	A.B.A. Agricultural Commission—Annual Meeting, Roanoke, Virginia
Mar.	15	A.B.A. Graduate School of Banking, Annual Alumni Meeting, Biltmore Hotel, New York City
Mar.	24-26	A.B.A. National Instalment Credit Conference, LaSalle Hotel, Chicago, Illinois
Apr.	20-22	A.B.A. Spring Council Meeting, Greenbrier Hotel, White Sulphur Springs, West Virginia.
June	2-6	American Institute of Banking Annual Convention, Rice Hotel, Houston, Texas
June	16-28	A.B.A. Graduate School of Banking, Annual Session, Rutgers University, New Brunswick, New Jersey
Aug.	13-15	Western Regional Trust Conference, Olympic Hotel, Seattle, Washington
Sept.	28-Oct. 1	78th Annual Convention, Atlantic City
Nov.	13-14	Mid-Continent Trust Conference. Adolphus Hotel, Dallas, Texas

State Associations

Apr.	6-8	Florida, Vinoy Park Hotel, St. Petersburg
Apr.	15-17	Georgia, The Bon Air, Augusta
Apr.	16-18	New Jersey, Chalfonte-Haddon Hall Hotel, Atlantic City
Apr.	17-19	New Mexico, LaCaverna Hotel, Carlsbad
Apr.	27-29	Louisiana, Buena Vista Hotel, Biloxi
May	6-7	Tennessee, The Read House, Chattanooga
May	7-9	Kansas, Topeka
May	8	Delaware, du Pont County Club, Wilmington
May	8-9	Indiana, Claypool Hotel, Indianapolis
May	8-11	North Carolina, The Carolina Hotel, Pinehurst
May	9-10	North Dakota, Paterson Hotel, Bismarck
May	12-13	Texas, Galvez Hotel, Galveston
May	12-14	Missouri, Jefferson Hotel, St. Louis
May	15-16	Oklahoma, Skirvin Tower Hotel, Oklahoma City
May	16-17	South Carolina, Francis Marion Hotel, Charleston
May	19-21	Mississippi, Buena Vista Hotel, Biloxi
May	22-23	Alabama, Jefferson Davis Hotel, Montgomery
May	22-24	California Fairmont Hotel, San Francisco
May	23-24	South Dakota, Mitchell
May	25-27	Maryland, Chalfonte-Haddon Hall Hotel, Atlantic City
May	25-28	Virginia, Roanoke Hotel, Roanoke
May	26-28	Arkansas, Arlington Hotel, Hot Springs
June	2-4	Illinois, Sherman Hotel, Chicago
June	2-4	Pennsylvania, Chalfonte-Haddon Hall Hotel, Atlantic City, N. J.

June	4-5	Ohio, Neil House, Columbus
June	6-7	Wyoming, Saratoga Inn, Saratoga
June	8-10	Idaho, The Lodge, Sun Valley
June	11-12	Minnesota, St. Paul Hotel, St. Paul
June	11-15	Dist. of C., The Homestead, Hot Springs, Va.
June	12-14	Massachusetts, New Ocean House, Swampscott
June	13-14	Utah, Grand Canyon Hotel, North Rim
June	13-14	New Hampshire, Wentworth-by-the-Sea, Portsmouth
June	13-14	Vermont, The Equinox House, Manchester
June	15-17	Oregon, Marion Hotel, Salem
June	16-18	Wisconsin, Schroeder Hotel, Milwaukee
June	19-21	Colorado, Colorado Hotel, Glenwood Springs
June	19-21	Montana, Many Glacier Hotel, Glacier Natl. Park
June	19-21	New York, Spring Lake, N. J.
June	19-21	Washington, Chinook Hotel, Yakima
June	20	Connecticut, Equinox Hotel, Manchester, Vt.
June	20-22	Maine, Poland Spring House, Poland Spring
June	26-29	Michigan, Grand Hotel, Mackinac Island
June	27-28	New Jersey Savings, Monmouth Hotel, Spring Lake
July	18-19	West Virginia, The Greenbrier & Cottages, White Sulphur Springs
Sept.	11-14	Mass. Savings, Mt. Washington Hotel, Bretton Woods, N. H.
Sept.	21-24	Maine Savings, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct.	14-15	Conn. Savings, Mountain View House, Whitefield, N. H.
Oct.	17-18	New Hampshire Savings, Fall Meeting, Mountain View House, Whitefield.
Oct.	19-22	Iowa, Fort Des Moines Hotel, Des Moines
Nov.	5-7	New York Savings, Greenbrier and Cottages, White Sulphur Springs, W. Va.
Nov.	10-11	Nebraska, Lincoln

Other Organizations

May	15-17	National Association of Mutual Savings Banks, Annual Convention, Hotel Statler, Boston, Massachusetts
July 28-Aug. 9		FPRA School of Financial Public Relations, Northwestern University, Chicago campus
Sept.	26-28	Association of Bank Women, Annual Convention, Atlantic City, New Jersey
Sept. 29-Oct. 2		Mortgage Bankers Association of America, Annual Convention, Conrad Hilton Hotel, Chicago
Oct.	20-23	Financial Public Relations Association, Annual Convention, Hotel del Coronado, Coronado, California
Oct.	27-30	National Association of Bank Auditors and Comptrollers, Annual Convention, Hotel Schroeder, Milwaukee
Nov. 30-Dec. 5		Investment Bankers Association, Annual Convention, Hollywood Beach Hotel, Hollywood, Florida

Methods and Ideas

(CONTINUED FROM PAGE 47)

millions of readers that the bank had installed in its lobby a series of glass bowls containing \$5 in coins. The public was invited to make its own change.

The point of greatest journalistic appeal was the project's honor system basis. The first day, reported the *New York Times*, "94 clients took advantage of the no-waiting procedure and changed their own bills and large coins. At the end of the business day the books balanced exactly." The *Herald Tribune* quoted Central National's president, Gerald S. Couzens, as saying that the service was unattended because "we believe people are honest."

The *World-Telegram and Sun* had an editorial:

"In these days when so much is breaking on the crime front, from jewel robberies to small-change stickups, from mink coats to deep freezers, from 5 percenters to income tax fixers, news of the honesty of people is welcome."

The service was also demonstrated on television.

Staff Participates in Bank Management

THE COMMUNITY SAVINGS BANK of Rochester, New York, has a successful staff "participation plan" based on advanced thinking in employee relations.

Introduced by President Charles W. Carson, the plan set up the Par-

★
In the Yonkers bank's changer, bills and 50-cent pieces are dropped into a slot
★



WIDE WORLD

ticipation Council, a junior management board of elected representatives, and for a semi-annual wage dividend to be achieved through the cooperative efforts of management and staff in attaining definite business goals.

Basic to the success of the plan is the employee's recognition of this opportunity to express his ideas and views and senior management's willingness to share responsibilities with his associates.

Specifically, this junior management plan provides opportunity for the development of individual initiative and responsibility, and stimulates group thinking towards improvements in service, greater volume of business, reduction of operating expense, increased earnings, and other matters that will

benefit employees and depositors alike.

As an example, two major council recommendations now being developed are a work pool to handle peak periods without an increase in staff, and a new approach on staff training.

The encouragement of suggestions from the staff is an integral part of council operation. During a recent six months' period, 103 individual suggestions were considered. A girl teller's suggestion resulted in a neon sign "Savings Time" which illuminates the clock over the bank's main office entrance and attracts favorable and memorable attention. Ideas to effect greater efficiency in operation predominate in the suggestion system. The council not only passes on the merit of the suggestion but recommends the monetary awards to be made.

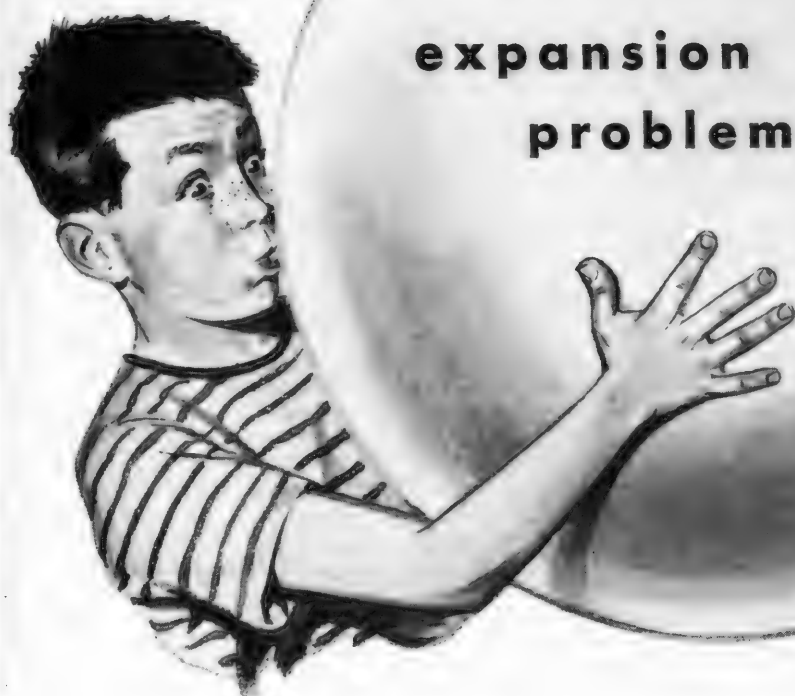
The monthly business goals proposed by the new business development committee, the attainment of which determines the wage dividend, are presented to the council for approval before action is taken.

The Council is composed of 11 members. Five represent the officers and department heads group, five represent the staff at large, while the other member is the chairman of the previous council and is considered a member at large. A new council is formed each six months by the election of five new members and retention of six from the previous council. Except for the member at large, equal representation of the officers and department

(CONTINUED ON PAGE 102)

The Community Bank's Participation Council. Left to right, John F. Stephens, John E. Schubert, Mrs. Virginia Powers, Gilbert L. Speed, Secretary Lucy M. Serafine, Chairman Lewis A. Pear, Thomas E. Woods, Viola Erickson, Leah N. Woodruff, George Herbst, and Mary Amorelli





expansion problem?

Be wonderful, of course, if your bank could stretch like a balloon to accommodate your continuing growth.

But since it can't, your wisest course is to save *all* the footage you can. By installing Monroes. Monroes not only are the most compact bookkeeping machines you can buy...not only save valuable space...they're so fast, versatile, efficient, they insure you top figure production as well. If saving space yet increasing efficiency interests you, your Monroe representative will gladly show you why Monroes are the answer. Call him today.



Handles bank's most vital bookkeeping jobs—commercial and savings posting. Easy-to-operate "Velvet Touch" keyboard. Complete visibility. Direct subtraction and automatic totals in all registers. Front insertion carriage, exact printing alignment. Quick program changes.

MONROE MACHINES FOR BUSINESS

MONROE CALCULATING MACHINE COMPANY, INC.—GENERAL OFFICES, ORANGE, N. J.
Branches for Sales and Service Everywhere

years ahead

in Engineering and Performance!



the new

Smith-Corona

more "luxury typing"
features than any
other office typewriter

— features that mean faster work at lower cost. It is tomorrow's typewriter, here today. A demonstration will convince you of its greater office efficiency and "Luxury Typing" performance.



— takes the guesswork out of page-end typing! Warns typist when she is 2½" from bottom. Speeds work, lowers costs by saving retyping hundreds of letters every month. See it demonstrated. Call any

Smith-Corona

Dealer or Branch Office

L. C. SMITH & CORONA TYPEWRITERS INC. SYRACUSE 1 N.Y.
Canadian factory and offices, Toronto, Ontario. Makers also of famous Smith-Corona Portable Typewriters, Adding Machines, Vivid Duplicators, Ribbons and Carbons

(CONTINUED FROM PAGE 100)

heads' group and the employees' group is maintained.

Helping Charley Save

HOME STATE BANK of Jefferson, Iowa, has a savings plan that seems, from this corner, to have a new slant. Here's the story, as told in a newspaper ad:

"I have a good income," said Charley, "and make my auto and house payments O.K. But I can't seem to save."

"Here's the deal we made with Charley. We loaned him \$300 and laid the cash away—to be delivered to him one year later.

"Charley gave us his note for \$300, due \$25 a month. Charley knows he can pay his debts. He has done it before. He'll have that \$300 note paid in one short year, and those 300 extra dollars will be all his—to do with as he wishes. When the payments are made as scheduled, we skip the interest."

The copy went on to say that the bank would make the same deal with the reader of the ad, and in any amount, for any period of time.

"All you have to do is to want \$300 or so in extra dollars a year from now. If you say 'That's me!' come on in. The sooner you start, the sooner the money is yours."

The advertisement was reprinted and distributed to employers for circulation among their employees, says HOME STATE's executive vice-president, Warren Garst.

"This Means Me!"

IN this department's in expert opinion, the strongest ad is the

one that makes you, the reader, exclaim: "This means me!" Presumably it takes a bit of technique to produce this reaction. The advertiser must get close to you, appealing to and stimulating your interest, and giving you some news and useful information rather than just a plug for a product or service.

These elementary observations were prompted by a recent newspaper ad of The First Boston Corporation. It was about tax-exempt bonds. Directed at people in the higher income brackets, it forcefully demonstrated the "This-means-me" approach.

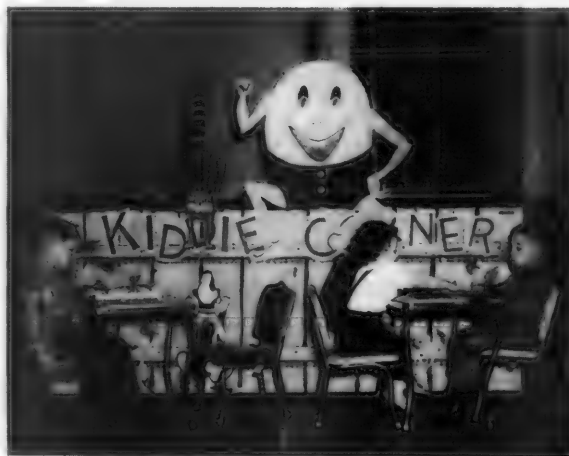
"Taxes and *your* net income from investments," said the display head. Then the copy asked: "How much of the income from *your* investments do you keep after payment of taxes?" Despite higher taxes, it continued, "Many investors find on careful examination of the facts that the income from tax-exempt bonds, *all of which is net*, is greater than the *net* income they now retain on taxable investments after payment of Federal income taxes."

Examples were given, and a list of bonds offered by the company was appended. The point, of course, is the direct appeal to persons with an income-from-investments problem. It meant *them!*

A Useful Booklet

THE FIRST NATIONAL BANK OF ARIZONA is circulating a "Political Almanac" which won't be lightly tossed into its recipients' wastebaskets. Maybe the idea has possibilities in other states.

Edited and published by Bill Turnbow, who writes a political



The New Kiddie Corner in the lobby of The First National Bank of Poughkeepsie, N. Y. A supply of picture books is provided by a local printing company. The backdrop was painted by a Poughkeepsie artist

column in the *Phoenix Gazette*, the almanac's 36 pages contain much compact information about government in Arizona. Data include the names of state, county and city officials, and members of the legislature; Arizona's Congressional delegation; information about the courts; tabulations of election returns; principal Federal officials in the state; and Arizonans holding high Federal Office.

The bank, which has offices in Phoenix and several other cities, uses the fourth cover for its own message.

In Brief

HARVARD TRUST COMPANY of Cambridge, Massachusetts, is sending advance proofs of its important newspaper ad series to the staff, officers and directors at their homes to keep them fully informed on the bank's promotion. Also, proofs of current ads are displayed on bulletin boards and in the lobbies of the seven offices in three communities.

The GRAMATAN NATIONAL BANK AND TRUST COMPANY of Bronxville, New York, took two pages in a local weekly to tell the public about its affairs after the annual meeting. The first page explained the condition statement, line by line. Opposite was a display ad headed "The Doctor Found What He Expected

Stamford (Conn.) Trust Company displayed in the lobby its collection of more than 40 mechanical banks. The exhibit had a regional tie: one of the early manufacturers of these banks was a Connecticut firm. The trust company plans to show its collection in the local schools.



before you order Christmas Club supplies let **RAND McNALLY**

show you their **NEW** record keeping system.
It operates with standard coupon books...
No change in customer, window,
or check procedure. A tremendous
savings in record keeping time.

Note these special features!

- Sorting of coupons reduced 90%.
- Accounts in full view and easy reach at all times.
- No possibility of posting to wrong accounts.
- Automatically corrects clerical errors.
- Gives daily balances of verified accuracy.
- Trial balances quickly and accurately taken.
- Saves floor and filing space.

RAND McNALLY & COMPANY
CHRISTMAS CLUB DIVISION

111 EIGHTH AVENUE, NEW YORK 11 • 536 SOUTH CLARK STREET, CHICAGO 5



W

here
time and production
count...
typing is electric

and the typewriter...is the Remington *Electri-conomy*

Yes, along with other essential industries, financial institutions have discovered that Remington Electri-conomy Typewriters can turn out *more work, better work in less time and with less effort*...all with amazing electric ease of operation.

So why not turn to the Electri-conomy to meet your bank's needs in these times when greater individual productivity and time schedules are SO important. It's the true key to better performance...



for your

- Business Development Letters
- Central Correspondence Dept.
- Consumer Credit Reports
- Executive Correspondence
- Legal Documents
- Management Reports
- Manifold Loan Tickets
- Payrolls & Pay Registers
- Securities Records
- Trust Records
- Vouchers

Mail the coupon below for the amazing Electri-conomy Story.

Remington Rand

THE FIRST NAME IN TYPEWRITERS

Remington Rand, Room 2504, 315 Fourth Ave., N.Y. 10

☐ Yes, I would like a FREE copy of "Take A Letter" (RE 8499) describing the new Electri-conomy.

☐ I would like FREE Electri-conomy Test in my office —without obligation of course.

Name _____

Bank _____

Address _____

City _____ Zone _____ State _____



... a Healthy Pup!" Copy said the second Tuesday in January was examination day "when the stockholders gather to determine the state of our health." Some of their findings—the bank's accomplishments in 1951—were mentioned.

CRAWFORD COUNTY TRUST COMPANY of Meadville, Pennsylvania, had a guessing contest on how long a Christmas Club candle would burn. The taper burned in the bank lobby during business hours. A large percentage of the club membership registered guesses.

THE BANK OF VIRGINIA, Richmond, marked its attainment of 200,000 current customer accounts by awarding a \$50 bill and a wallet to six customers who opened new accounts the day the bank reached its record total. One customer was selected in each of the six Virginia cities where the bank has branches.

THE WINTERS (Texas) STATE BANK invited the school children to see a lobby display of old currency furnished by the Federal Reserve bank, and more than 1,000 youngsters responded. The Winters offered six prizes for the best essays on what the children had seen during their visit.

The FORT WORTH NATIONAL BANK is circulating a folder, "Flight of a Check." In picture and text the leaflet tells the story of "your check beginning at the moment you cash it" at the bank, and ending with its return in the statement.

Girard Trust Corn Exchange Bank of Philadelphia celebrated the opening of a branch in Mayfair by cutting a 200-pound cake on a television show. Here, l. to r., are "Miss Mayfair"; Geoffrey Smith, the bank's president; Ernie Kovacs, TV comedian; David E. Williams, board chairman; and Edythe Adams, TV entertainer



Main Street

(CONTINUED FROM PAGE 30)

to vice-president and cashier at First National Bank, Grand Island, Nebraska. A second new director is S. N. WOLBACH, vice-president.

ANTON BAHNSEN, a retired grocer of Port Clinton, Ohio, attended this year for the 50th consecutive time the annual stockholders' meeting of the American Bank. In observance of this 50-year record, Mr. BAHNSEN was presented with a gift at the meeting.

THOMAS H. MCKITTRICK, vice-president of the Chase National Bank, New York, has been appointed to the executive committee of the United States Council of the International Chamber of Commerce.

ASA I. SKELTON, for the past year executive vice-president of The Farmers National Bank, Canfield, Ohio, has been elected president. RAY E. AKINS is now a vice-president.

Promotions at Industrial State Bank of Kalamazoo, Michigan: CHARLES J. MONROE, chairman; CHARLES E. FINLEY, president; JOSEPH A. NEMETH, assistant cashier.

At Union Bank and Trust Company of Helena, Montana, JAMES H. DION was promoted to trust officer;



O. P. Newberry



Dwight W. Chapman

DAN DYKSTRA, to assistant trust officer.

WILLIAM N. OEDEL has advanced to vice-president of State Street Trust Company, Boston.

DWIGHT W. CHAPMAN has been named a senior vice-president of American Trust Company, San Francisco. He's a member of the Treasury Savings Bonds Committee of the American Bankers Association.

PETER LA BARBA has been appointed comptroller of the First National Bank in Garfield, New Jersey.

LUTHER S. BERRY is now vice-president of The Union National Bank of Clarksburg, West Virginia.

O. P. NEWBERRY is now a vice-president of The Fort Worth (Texas) National Bank.

C. T. HARDING has resigned as vice-president of the First National Bank in San Leandro, California, to become a vice-president of the Me-

William Griesbaum signs the note for \$150 which turned out to be the 30,000th instalment loan made by the Alton (Illinois) Banking & Trust Company. The bank celebrated by issuing a check for this amount and returning the note canceled. Mrs. Marcella Griesbaum and Clyde E. Borman, bank vice-president, watch the signing. The bank has loaned in six years \$13,000,000—an amount equal to its current assets



THEY POP OPEN!

STEEL-STRONG
TUBULAR COIN WRAPPERS

OUT PERFORM ALL!

They save 20% of time in machine filling... their sole purpose. Slight pressure of the thumb and finger, and they pop open yet pack flat... 1000 each denomination to the carton. Save space. In 6 colors for 6 different coins. A top performer with Banks.

STEEL-STRONG
GUNSHELL
coin
WRAPPERS
for
MACHINE
FILLING

Extra strong due to unique construction... hence extra protection for coins. Non-clogging, neat packaging for all coins handled by machines. Ends crimp tightly and packed 1000 in a carton with all crimped ends turned one way. They're great time savers.

STEEL-STRONG
BANDING
STRAPS
BETTER THAN
RUBBER BANDS

Ideal for packaging currency, deposit tickets, checks, etc. Better than rubber bands as they will not break or deteriorate with age. Size of band, 10 in. x 3/8 in. Made of strong brown Kraft. Gummed ends. 1000 to a carton.

SEND FOR **FREE** SAMPLES

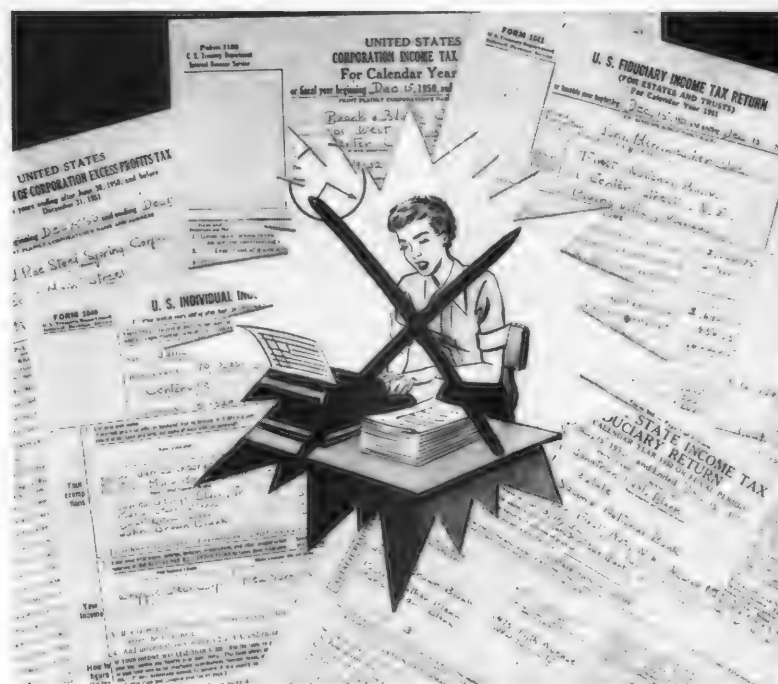
The G. L. DOWNEY CO.
Dept. N • HANNIBAL, MO.

Send Sample of.....

NAME.....

ADDRESS.....

No typing ... No carbons needed !



New COPYFLEX system saves Tax Return time!

The revolutionary new BRUNING COPYFLEX TAX RETURN SYSTEM saves hours ... even days ... in preparing returns.

Your "worksheet" can be your tax return and, within minutes, you can get all the error-proof, low-cost, exact copies you need *without any typing or proofreading.*

Tax authorities of bank and accounting groups worked with Bruning in devising this new time-and trouble-saving system of preparing corporation, fiduciary, individual, excess profits, and many other tax returns. Leading banks and ac-

counting firms already are using the COPYFLEX Tax Return System and enjoying its economies.

Why hire special, costly statistical typists for tax work when you need no typing at all with COPYFLEX? Save this expense ... and speed production of completed returns and copies as well.

Get the full story. Mail the coupon.



COPYFLEX "50" is easy to operate, handles large volume of tax return copies fast.

CHARLES BRUNING CO., INC.

Dept. W32

Teterboro, N. J.

Please give me full details on how to speed tax work via the Bruning Copyflex Tax Return System.

Name.....Title.....

Company.....

Street.....

City.....Zone.....State.....



D. R. Buttrey



Thomas P. Parsley

chanics Bank of Richmond, California.

D. R. BUTTREY, for the past five years cashier of the Citizens Bank at Cookeville, Tennessee, has been elected cashier and a member of the board of the First National Bank of Clarksville, Tennessee. He will serve also as vice-president and a member of the board of Southern Trust Company of Clarksville. Roy B. BROSTER, who has been vice-president and cashier of the First National Bank of Clarksville, continues as a vice-president.

THOMAS P. PARSLEY has been made president of Mountain Trust Bank, Roanoke, Virginia. He started his banking career with Planters National Bank of Richmond, and has been active in the Virginia Bankers Association. Other new officers in the bank include N. H. KEY, vice-president; R. H. TURNER, JR., cashier; M. R. TUCKER, assistant vice-president; WM. S. THOMAS, assistant cashier.

ROY A. BRITT and KENNETH B. WILSON, vice-presidents and senior loan officers of Citizens National Trust & Savings Bank of Los Angeles, were elected to the bank's board of directors.

Colonel EDWARD A. DEEDS, board chairman of National Cash Register Company, has retired as a director of The National City Bank of New York. Replacing him on the bank's board is STANLEY C. ALLYN, president of National Cash Register.

BARNARD TOWNSEND, former president of Title Guarantee and Trust Company, New York, has joined Lehman Brothers where he will be in charge of the firm's relationships with banks and trust companies particularly the underwriting of capital securities of such institutions.

At Peoples Trust Company of Bergen County, Hackensack, New

BANKING

Jersey, WALTER J. MUNDT was elected to the newly created post of comptroller and was reelected secretary.

LAWRENCE WILKINSON, a former vice-president of Marine Midland Trust Company, New York City, has been elected vice-president in charge of finance of the Continental Can Company.

EDGAR F. ZELLE, chairman of the board of the First National Bank of Minneapolis, has been elected a class A director of the Federal Reserve Bank of Minneapolis, to fill the unexpired term ending December 31, 1952, left vacant by the death of Arthur H. Quay.

JOHN P. BILLHARDT is now first vice-president and comptroller of Excelsior Savings Bank, New York City. The former vice-president and comptroller, EVERETT SMITH, has retired after 48 years of service, but remains as a trustee of the bank.

Officer changes at the First National Bank of Rome, Georgia, include these: C. H. BOOKER, executive vice-president and trust officer; W. A. LYMAN, vice-president and assistant trust officer; R. P. HUTCHINS, cashier.

WILLARD L. ECCLES, senior vice-president of the First Security Bank of Utah, has been elected vice-president of First Security Corporation, Ogden, Utah, in charge of business development.

At Lincoln Rochester Trust Company, Rochester, New York, there are these advancements: G. ALFRED SPROAT, senior vice-president; WILMOT R. CRAIG, vice-president and trust officer; JOSEPH J. MOSS, assistant secretary.

RALPH W. CRUM has been elected a director and executive vice-president of The First National Bank of

John P. Billhardt



Willard L. Eccles



March 1952

Instant Reference to Every Account!

—with a **ROL-DEX*** Central File
by Watson!

established 1887



ROL-DEX Central File in Credit Department of First American National Bank in Nashville, Tennessee

SAVE Time and Money with ROL-DEX.

Bank executives are praising ROL-DEX Central Files by Watson for their speed and efficiency. They "coordinate the facts of each and every customer" . . . "save a tremendous amount of time, trouble and expense." A ROL-DEX Central File pays for itself in savings because:

Saves up to 45% in active record costs!

Based on case histories, production per worker increases 25 to 60%.

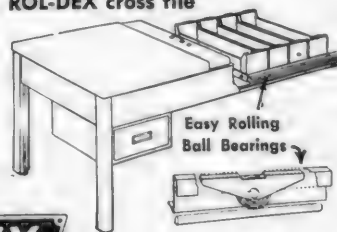
No work stoppage or expensive service! Use your present records; no new forms to buy.

No noise! ROL-DEX by Watson needs no motor; rolls smoothly, quietly on lifetime ball bearings.

ROL-DEX cross file

Less operating cost
per filing inch!

No Walking, Stooping or
Squatting with ROL-DEX.



*Pat. and Pats.
Pending

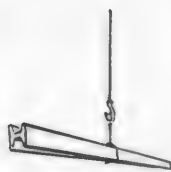


Write for ROL-DEX catalog to:

ROL-DEX DIVISION

of Watson Manufacturing Company, Inc.

Jamestown 22, New York



Philadelphia's bustin' out all over!

■ Everywhere you go in this great and growing metropolis, you'll see signs of new construction, plant expansion, new homes being built to house our workers.

■ Right close to all this expansion is Central-Penn—financial adviser to business and industry here for over 120 years.

■ If your customers need advice in this area—why not get in touch with us today?

CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

FAST COLLECTION FACILITIES

including
complete
night
transit
operation

The NATIONAL CITY BANK of Cleveland

623 Euclid Avenue 1845 Fourth Federal Reserve District

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Miami, Florida. He is a former Newark, New Jersey, banker who came to First of Miami in 1951. In other official changes, PAUL A. ALBUS, ROBERT H. McDANALD, and HARRY G. RETALICK were named senior vice-presidents; JOHN GIER was promoted to vice-president.

JOHN H. F. TURNER has been appointed an assistant general manager of the Bank of Montreal. He was superintendent of the foreign department, traveling widely for the bank in Europe and America.

WILLIAM J. DRISCOLL and JAMES E. HELLIER are new vice-presidents at Chemical Bank & Trust Company, New York.

The Snyder County Trust Company, Selinsgrove, Pennsylvania, has made a number of changes in its officer line-up: Dr. JOHN I. WOOD-

Everyday Economics

MERRYLE STANLEY RUKEYSER, whose syndicated daily economic column is distributed by *International News Service* and who writes editorials for the Hearst chain and contributes to national magazines, is starting a new weekly coast-to-coast radio series over the Mutual Broadcasting System. Broadcasts begin on Thursday, March 6; the time, 7:15 p.m. (EST). The humanized discussions of everyday economics will be aimed at the 60-million gainfully employed Americans, and will reveal what the enterprise system means to American families.

The series will be available for sponsorship station by station by local firms or national corporations, and the details may be learned through Kenneth Goldblatt, Mutual Broadcasting System, 1440 Broadway, New York.

Mr. Rukeyser is author of six books on economics and was on the teaching staff of Columbia University. He has pioneered numerous ideas for creating better public understanding of the modern corporation.

The program will be called *Rukeyser Reports*, and will deal with questions in the minds of average Americans.



Ruth E. Sherrill



Wilbur H. Staten

RUFF, board chairman; RALPH WITMER, president; Dr. G. M. BOGAR and L. ARTHUR GINGRICH, vice-presidents; RINE G. WINEY, secretary and trust officer; W. DAVID GROSS, treasurer; DAN HIMMEN, manager of personal loan department.

Dr. ROBERT R. DOCKSON has joined the Bank of America, San Francisco, as economist. MAURICE G. LITOU has been made assistant manager of the bank's international banking department.

Mrs. RUTH E. SHERRILL, assistant manager of the bond department of the First National Bank of Memphis, and head of its Government Bond Division, has been elected assistant vice-president.

WILBUR H. STATEN has advanced to secretary of the Society for Savings, Cleveland.

RICHARD B. MCCARTHY, formerly assistant cashier of the First National Bank of Tampa, Florida, has joined R. L. Polk & Co., Nashville, to become business manager of the firm's semi-annual edition of Polk's Bank Directory.

GEORGE W. LEDFORD has been named auditor of The Bank of Asheville, North Carolina.

At Fulton National Bank, Atlanta, Georgia, AUGUSTUS F. MITCHELL was elected a vice-president and W. CAREY GREGORY an assistant vice-president.

KATHRYN BELL has been made assistant vice-president of The Barnett National Bank, Jacksonville, Florida. MARTHA R. LERCH has been advanced to auditor of the Commercial National Bank, Charlotte, North Carolina. Mrs. JACKIE GREER has been promoted to assistant vice-president of the First National Bank

(CONTINUED ON PAGE 110)

For every kind of banking service...

Count on the
Continental Illinois Bank

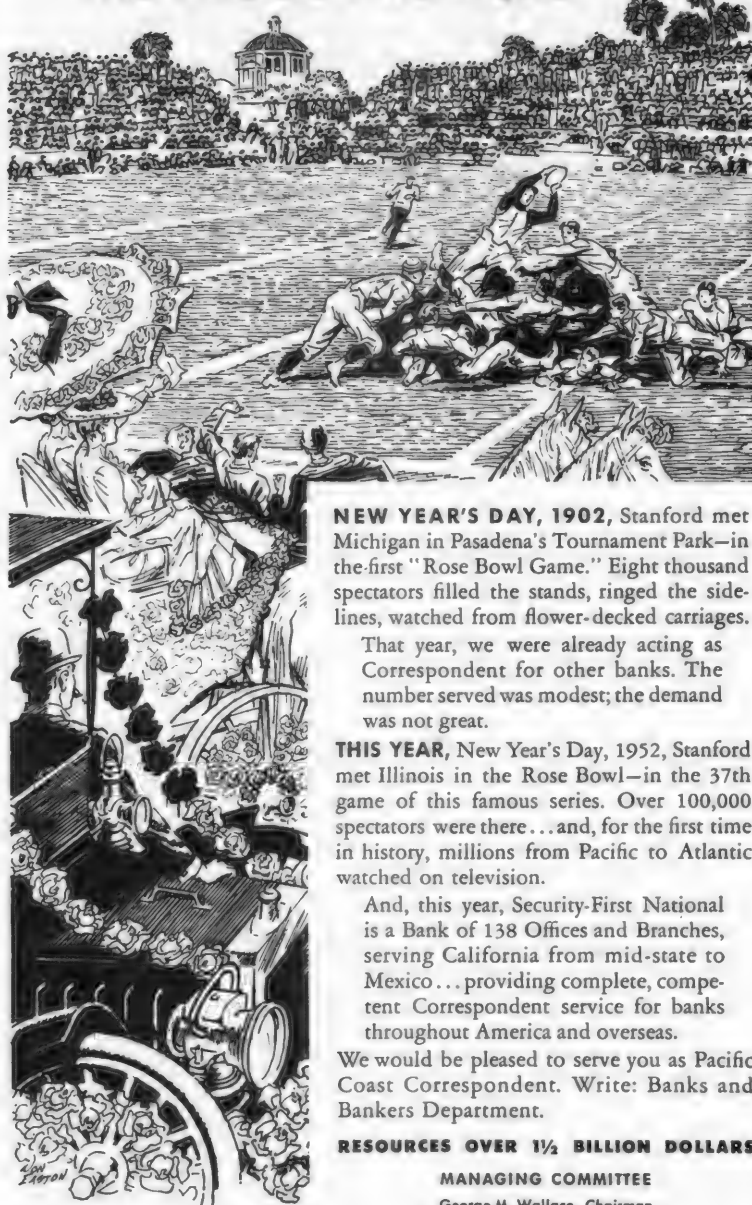
*Usual and unusual
services*

*to help you serve
your customers*

Continental Illinois National Bank and Trust Company of Chicago

LaSalle, Jackson, Clark and Quincy Streets
LOCK BOX H, CHICAGO 90, ILLINOIS
Member Federal Deposit Insurance Corporation

WHEN PASADENA STARTED "THE ROSE BOWL GAME"



NEW YEAR'S DAY, 1902, Stanford met Michigan in Pasadena's Tournament Park—in the first "Rose Bowl Game." Eight thousand spectators filled the stands, ringed the sidelines, watched from flower-decked carriages.

That year, we were already acting as Correspondent for other banks. The number served was modest; the demand was not great.

THIS YEAR, New Year's Day, 1952, Stanford met Illinois in the Rose Bowl—in the 37th game of this famous series. Over 100,000 spectators were there... and, for the first time in history, millions from Pacific to Atlantic watched on television.

And, this year, Security-First National is a Bank of 138 Offices and Branches, serving California from mid-state to Mexico... providing complete, competent Correspondent service for banks throughout America and overseas.

We would be pleased to serve you as Pacific Coast Correspondent. Write: Banks and Bankers Department.

RESOURCES OVER 1½ BILLION DOLLARS

MANAGING COMMITTEE

George M. Wallace, Chairman
Chairman Board of Directors

James E. Shelton
President

L. W. Craig
Vice-President

Chester A. Rude
Chairman Executive Committee

C. T. Wienke
Vice-President

SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

Member Federal Deposit Insurance Corporation • Member Federal Reserve System

MAIN STREET (CONTINUED)

in Houston, Texas. All three ladies were featured in **BANKING** for January and February, 1951, in the article, *Careers for Women in Banking*.

NORMAN E. GIEB has advanced to vice-president of Citizens National Trust & Savings Bank of Riverside, California.

ALTON P. COLE continues as treasurer of Home Savings Bank, Boston, and in addition was elected a vice-president.

Five new vice-presidents of Bankers Trust Company, New York City, are: **PAUL BONYNGE, JR.**, **J. MORDEN MURPHY**, **EDMUND G. FARRELL**, **ARTHUR W. SCHLICHTING**, and **JOHN F. RATH**.

GILMAN ANGIER, who is a graduate of The Graduate School of Banking, has been advanced to vice-president of Industrial Trust Company, Providence, Rhode Island. **ANTHONY JUDGE, JR.**, for seven years assistant manager of the bank's farm loan department, has been promoted to assistant secretary.

ROBERT M. MILLS was elected vice-president of National Bank of Commerce of Seattle, Washington. He started at the bank as a messenger and has been active for many years in the American Institute of Banking. **ROBERT P. ELLICK** has been made a trust officer.

ARTHUR W. GLENNIE is now a vice-president of La Salle National Bank, Chicago.

William H. Neal (center), of Winston-Salem, N. C., and **Gordon S. Fuller** (right), of Foxboro, Mass., examine British Savings poster with **C. G. Roffey** of the British Savings Organization. The Americans were attending a joint British-American savings meeting in London.



WIDE WORLD
BANKING

Directors

(CONTINUED FROM PAGE 45)

help being struck with the fact that defalcations in banks have been increasing in frequency and in dollar amount involved. Something like two defalcations are coming to light for every business day. Virtually every one of the banks that has got into difficulty in this country over the last several years is a bank that has been looted of all its capital by some dishonest officer or employee and has been rendered insolvent.

Defalcation Treatment

The treatment for this rash of defalcations has three parts; namely, detection, prevention, and protection. Capital funds and surety bond coverage provide protection for depositors; the blanket bond protects the stockholders as well as the depositors. A diligent and conscientious board will see to it that both are adequate.

Detection and prevention are the province of internal controls. I put audits and controls up to the directors, for they have a better chance to bring objectivity into play in this matter than the management can hope to do. The assignment that I am talking about for directors is a hard one. At the bottom of it there may be skepticism about one's fellow man that violates for some the whole religious and cultural tradition we live under. We pride ourselves on holding that we should expect the best of our fellow man, not the worst. We regard it practically as an article of faith that people are worthy of trust.

Check Everything

Managements and occasionally directors resent suggestions that the conduct of officers and members of the staff be put through checkings to see if the accounts are in good order. Nevertheless, it is by no means established that financial crimes and misdemeanors occur in inverse ratio to degree of responsibility. Regrettably, presidents and cashiers have sometimes as much difficulty as anybody else in distinguishing between mine and thine. We must go ahead and check everything, leaving it to the higher brass to be more appreciative than the others of the necessity for what is

being done. Suitable internal controls must be established both for the protection of capital funds and for the retention of public confidence in the solvency and operating efficiency of our banking institutions.

Internal Controls

I urge management to review thoroughly with the board the internal systems for detecting fraud; and if managements don't bring up the subject, I recommend to directors that they put it on the agenda. I offer some suggestions as to how these internal controls can be approached and their scope and detailed application tested. My comment is broken down into eight points as follows:

(1) The sum total of a bank's protective measures should include:

- (a) systems and internal control,
- (b) auditing by staff members,
- (c) auditing performed by trustees,
- (d) auditing performed by outside auditors, and
- (e) surety bond coverage.

Where controls and auditing are weak, better than minimum surety bond protection is desirable; but surety bond coverage cannot be considered a substitute for proper operating methods and adequate auditing.

(2) In the limited time that is spent by examiners at each institution, it cannot be expected that an audit be made. Responsibility for the maintenance of proper systems and internal controls and the adequacy of internal and external auditing rests with management and with the board.

(3) There is a necessary relationship between the expenditure for auditing and the size of the institution.

(4) There should be a clear understanding as to whom the auditor is responsible; preferably his responsibility should be to the board. It is a duty of the trustees to know the scope of the audit program and whether it is being effectively carried out.

(5) The auditor should be governed by an audit program and a manual of auditing procedure, and should be required to maintain a running chart or diary of dates of completed audits of various ledgers, accounts, sections, departments, functions, income and expense, etc., supported by listing and reports of

audits on file. In some institutions the "surprise" element is carried to such an extreme that the auditor himself has no clear cumulative record of the ledgers he has previously audited, or whether a particular ledger is repeatedly overlooked. This matter should not be left to chance by the auditor; he should know which ledgers have not been receiving audit attention. Where ledgers are proved by bookkeepers he should control (and record) the assignment of ledgers for proof to other than the interested bookkeeper.

(6) Personnel duty arrangements should be so distributed that too much authority is not concentrated in any one officer or employee, particularly authority over several departments or duties which serve as checks over other activities. In this connection a manual of accounting and operating procedure periodically reviewed is helpful in preventing the gradual concentration of all phases of any one operation in one individual, and the relaxation of control safeguards by gradual adoption of unsafe, although at the time seemingly harmless, deviations.

(7) The matter of job rotation should have attention. No employee should be permitted to pass up his vacation.

(8) There is a growing trend, which we should encourage, toward more frequent direct confirmation with depositors and borrowers.

Inner Strength Required

We have passed from the day when assets were almost the only cause of banking difficulties to the day when dishonest officers and staff members are the main reason for banks' incurring losses of a serious character. A judge recently spoke of deposit insurance in such a way as to make it appear that the way banks invested their funds and conducted their operations was of small importance these days because almost all deposit accounts were insured in full. This view I challenge strongly. Similarly I resist the idea that larger surety bond coverage is the answer to defalcations. Private banking will begin to lose its grip on that day when officers and directors think that there can be any substitute for inner strength. By its own strength and inner checks and controls banking must resolutely stand on its own feet.

Boards that are not contributing

Our banking friends...

will find this institution especially well equipped to handle their Chicago accounts promptly and efficiently. Our complete facilities are at your disposal.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



20 of America's 25 Largest Businesses are Shawmut Customers*

YOU CAN BANK ON THE BANK
BUSINESS CHOOSES

The National Shawmut Bank

40 WATER STREET, BOSTON

Member Federal Deposits Insurance Corporation

Capital and Surplus \$30,000,000

*Based on Sales Reported by Moody's Manual.



Should Your Bank Have a Sales Department?

You may offer the most friendly and most efficient banking service in your community but your officers may be too busy to do a *thorough* outside selling job. Let us, with over 30 years' experience, help you organize an efficient sales or business development organization—for any or all services, and at surprisingly little cost!

BANKERS DEVELOPMENT CORPORATION

100 PARK AVENUE

NEW YORK 17, N. Y.

as much to our banks as they are capable of can begin turning over a new leaf by taking the initiative to make sure that internal audits and controls are all they ought to be. From that beginning directors can move on to other matters where their advice and counsel would be valuable. Banking needs and deserves working boards of directors, the sweep of whose interest takes in the entire institution.

I strongly believe that the best way we have of lifting our banking system to new heights of soundness and service to our people is by drawing directors more closely and thoroughly into the responsibilities of policy formation. There is no more certain way of developing and retaining an intense loyalty between directors and the institutions they serve than by making the members of the board realize, from the manner in which they are being consulted, that they are used and useful assets. With full appreciation of the value of the contribution that directors have made to the banking system, I say that in general the surface of their ability and willingness to help banking has hardly been scratched. Directors are the great reserve of strength in the banking business. We must try harder than we have to extract from directors the unlimited measure of wisdom and guidance that they can give.

(END)



"Hello, Mother! Harold and I just took out a joint account. Where can I meet you downtown tomorrow?"

BANKING

Market Research

(CONTINUED FROM PAGE 61)

digging out figures. Such appointees are sometimes successful; but as a general rule, these men do not understand the fundamentals of research techniques.

A well qualified marketing research manager or consultant should have training and experience other than that gained solely in a bank. Besides a wide variety of educational prerequisites he should have specialized training and experience in dependable research methods. He should acquire some insight into current banking service problems and should possess the priceless ingredient of a fertile imagination for remodeling and improving present services along profitable lines. Finally he must be able to win the confidence of bank management and convey in practical terms his vision of improvements to management personnel and others.

If research findings are to be trustworthy, they must be impartial and objective. To make these qualities attainable, the research activity should be directly under the chief executive officer to whom the findings may be reported fully and fearlessly.

This is justified because research is merely a tool of management, and may be of great service only to the extent that an open-minded research attitude pervades executives in performing their duties.

What is the foundation of good bank management? Knowledge, of course, is fundamental. Experience is a great source of knowledge; but in the large bank, with a complex and changing market for its services, the obvious limitations of experience are the shortness of human life and the comparative inability of the human mind to sift out and weigh with a practical degree of pre-

If the Government is interested in the relief of human suffering, it might take a look at the American taxpayer.

Your doubt makes mountains which your faith has to remove.

It really takes pluck for a woman to shape her eyebrows.

cision the many major and minor influences which determine profitable bank performance.

The outstanding bank president of the future may not be an expert in financial manipulation, or real estate trading, or commercial credit management, because people with these qualities may be hired as assistants. Rather, his work should be to plan a profitable program for marketing the bank's services in the community; to educate and motivate his staff of assistants to apply his plans successfully; and then to

control and evaluate performance under changing conditions. In common sales parlance, his task should be to "plan the work and work the plan."

Finally, banks should give serious attention to market research, what it is, and how it may aid management in solving increasingly complex problems. Now is the time to start such work because time is required in its development. In the years ahead, there will be a real need to bring more science into the selling and advertising of bank services.

NEW...A PAYMENT COUPON BOOK which reproduces Perforations as Legible as Printing

- More error-free postings per hour. Less eye-strain per day.
- Perfect identification of mail payments. Faster personal service.
- More exact payments. Less follow-up costs and annoyances.
- Applicable to any account set-up. No supply problem. Less costs.

5/16" figures so outstanding that they are easily read at 14 feet.



Many of the best known Banking Names in the Time Credit Field have adopted this ultra-modern Payment Book on sight.

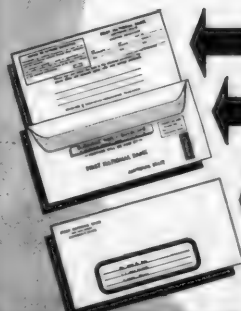
Only by seeing this new book can you appreciate its legibility, flexibility and waste-reducing features. We invite you to write for an assortment of samples, perforated with amounts, dates and account classifications. No cost. No obligation. Write today.

ALLISON COUPON COMPANY, INC.
INDIANAPOLIS 6, INDIANA

VERIFICATION CAN BE EASY...

If verification means EXTRA WORK and EXPENSE to you . . . then you'll like the ease and efficiency of our VERIFICATION MAILER.

Combines verification notice and return envelope in a single unit.



Verification Form slips into typewriter easily.

Return envelope stays attached until used by customer.

Entire unit mailed in window envelope.

WE HAVE FOUR OTHER VERIFICATION SYSTEMS TO CHOOSE FROM
Send for complete kit

CURTIS 1000 INC.

HARTFORD, CONN. ST. PAUL, MINN. CLEVELAND, O. ATLANTA, GA. HOUSTON, TEX.

X-Million Opportunities for Better Letter Relations

(CONTINUED FROM PAGE 48)

the privilege of serving you
we shall endeavor to merit
wish to take this opportunity to say

(4) Write to one person, not to a mailing list. Pay each reader the compliment of personal attention. Avoid sentences like these:

Today's list of our new savings accounts includes your name.

This is just a note of thanks to our new customers, among whom you are included.

(5) Avoid *we-it-is*. Many bank letters carry an overload of *we*. He is an example:

We hope that *we* have rendered satisfactory service, and that *we* shall have further opportunities to do so. *We* invite your return to this bank whenever *we* can be of assistance.

(6) Use a constructive approach in inviting comments from customers. Avoid negative words like *dissatisfaction*, *failed*, *disappointed*, *unsatisfactory*, *displeased*, and *complaint*. Examples:

NEGATIVE: If our service is ever *unsatisfactory* or *disappointing* to you in any way, please let us know.

CONSTRUCTIVE: Please let us know of any way in which

we can serve you more efficiently or more completely.

(7) Close each letter with a clean-cut sentence. Avoid the weak participial ending. Examples:

WEAK: Hoping for the pleasure of serving you again if you return to Chicago, we remain,

CLEAN-CUT: It will be a pleasure to serve you again if you return to Chicago.

(8) Use a complimentary close that harmonizes with the informality of a goodwill message. *Sincerely yours*, *Sincerely*, *Cordially yours*, and *Cordially* are preferable to the stereotyped *Yours very truly* or *Very truly yours*.

(9) Do not use *By* or *Per* preceding the signature. This practice is obsolete, and it detracts from the personal tone of the message. Also avoid the typed line for the signature. It violates good form in letter writing, and gives the message the appearance of a legal document.

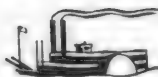
(10) Be sure that each letter is neat and attractive. Strikeovers, messy erasures, and ragged margins are symbols of carelessness that lose the reader's confidence and respect.

Letters of the Month

THE following "20th anniversary" letter is used by Edgar F. Zelle, chairman of the board, First National



ONE CENTURY... ONE BANK



There is a great deal of difference between a banking connection and merely doing business with a bank. Basically this difference lies in your confidence in, and respect for, the ability and experience of the personnel of the bank. If you feel that sense of security in dealing with your bank—you have a banking connection.

We believe that the key to a banking connection is the quality of personal attention to your affairs which deserves your confidence and respect. We make it a point to give that personal attention, whatever banking service you need, whatever the size of your account.

Make your banking connection Boatmen's.

Boatmen's

NATIONAL BANK

BROADWAY & OLIVE • ST. LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Bank of Minneapolis, in expressing appreciation to old customers:

Dear Mr. Clark:

In looking over some of our older accounts, I noticed that just 20 years ago this month, on March 20, 1932, you opened your checking account in the First National Bank of Minneapolis.

My associates and I want you to know that we genuinely appreciate all the business you have given us and the confidence you have placed in us. Good customers and loyal friends like you have made it possible for this bank to grow, to prosper, and better to serve the people of this community.

In the years to come, I hope that we may continue to be helpful to you, and that you will always think of the First National as *your* bank.

Sincerely yours,

M. C. Norton, vice-president, First National Bank, Champaign, Illinois, mails the following letter to customers who recommend the bank to their friends:

Dear Mr. Cameron:

It is always gratifying when a customer of the First National Bank recommends its services to a friend. Such an indication of confidence is warmly appreciated.

When Mr. L. R. Beckman opened an account with us this morning, he mentioned that your recommendation had led him to select this bank. In sending you this note of personal thanks, I assure you that all of us at the First National will do our best to live up to the good things you said about us.

Sincerely yours,

W. H. Smith, vice-president, Merchants National Bank, Port Arthur, Texas, uses the following letter to thank old customers for their patronage and friendship.

Dear Mr. and Mrs. Gordon:

This is just a note to thank you for the fine account that you maintain with us, and to tell you how much we appreciate your patronage.

The confidence and friendship of substantial citizens like you have played a very real part in the progress of the Merchants National Bank. We take genuine pride in the fact that you are loyal customers of many years' standing.

Best personal regards and continued good wishes to you.

Sincerely,

Each month *Better Bank Public Relations by Mail* presents examples of effective bank letters. Your participation in this exchange will make it increasingly valuable in the future. If you have a letter that has produced good results for your organization, won't you send it to the Editor with any comments you may care to make? It will be passed on to Mr. Butterfield for analysis in a future issue of *BANKING*. Address such material to *BANKING*, 12 East 36th St., New York 16, N. Y.

BANCO CREDITO Y AHORRO PONCEÑO

Ponce, P. R.

CONDENSED STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS DECEMBER 31, 1951

RESOURCES

Cash and due from Banks.....	\$12,225,862.30	
Investments:		
U. S. Government Bonds.....	\$10,059,516.85	
P. R. Bonds & Obligations.....	8,163,268.78	
F. H. A. Obligations fully guaranteed by U. S. G....	4,519,156.40	22,741,942.03
Municipal Loans	394,600.00	
Loans & discounts	23,672,857.04	
Bank buildings	1,145,263.82	
Real Estate Owned for Bank Buildings.....	157,907.98	
Furniture and Fixtures and Equipment.....	462,986.57	
Customers' Liability on Letters of Credit (Per Contra).....	1,434,212.93	
Other Assets	282,374.04	
	<u>\$62,518,006.71</u>	

LIABILITIES

Deposits	\$52,656,192.24	
Due to Branches.....	483,186.28	
Rediscounts Fed. Int. Credit Bank.....	3,067,032.60	
Liability on Letters of Credit (Per Contra) ..	1,434,212.93	
Other Liabilities	183,548.03	
Other Reserves	474,764.94	
Capital Paid In	\$2,000,000.00	
Surplus Fund	1,800,000.00	
Undivided Profits	419,069.69	4,219,069.69
	<u>\$62,518,006.71</u>	

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

United States, Puerto Rican Bonds and Municipal Obligations carried at \$18,616,450 — are pledged to secure United States and Puerto Rican Funds. This Bank is depository of the Government of the United States and of the Insular and Municipal Governments of Puerto Rico.

JOSE ARIAS CRUZ
GENERAL AUDITOR

ANGEL A. SANZ
PRESIDENT

COLOMBIA

Land of American Opportunity

In the years ahead, few countries in South America will offer U. S. business such broad and vital trade opportunities as Colombia. All signs point to a substantial increase in Colombian travel — export and import trade — development of new industries or expansion of existing local industries.

Progressive U. S. banks and business organizations know these facts — are establishing correspondent relations in Latin America, notably in Colombia. In increasing numbers they are taking advantage of the exceptional and complete banking facilities provided by this 39-year-old institution.

With 25 offices, located in all important commercial centers, trade information is quickly gathered and forwarded to you. Special departments are available to handle your collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — *Bancoquia*

Capital paid-up \$15,000,000. — Pesos Colombian.
Surplus: \$11,000,000. — Pesos Colombian.
Other reserves: \$2,400,000. — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (3), Bucaramanga, Cali, Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (1), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (8).

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

SIKES "REVERSE-SPRING" FEVER is Catching!

In fact, it has caught on in a big way. Only in the Sikes mechanism do you get this unique advantage.



No. X-143

When sitting upright the chair back fits snugly to give restful support . . . when leaning back, instead of building up resistance, tension actually lessens. This feature, together with the Sikes "Fixed-Floating" Seat, insures a new experience in sit-ability . . . contributes to "energized seating" . . . minimizes fatigue . . . helps you through the toughest days.

The chair proves itself! Your dealer will gladly place one in your office . . . on trial. Send for his name and folder.



RESTFUL
BACK SUPPORT
IN ANY
POSITION



THE SIKES COMPANY, Inc.

24 Churchill St.

Buffalo 7, N. Y.

PROMOTIONS

New vice-presidents of The Farmers and Merchants National Bank of Los Angeles, California, are: OSCAR T. LAWLER, A. M. GAINES, A. E. OLIVER, JOHN N. HUNT.

At the First National Bank of Chicago, JOHN W. KEARNS was elected vice-president and general counsel; WYNDHAM HASLER, JAMES U. SNYDACKER, and JOHN H. WEDDON, vice-presidents; JOSEPH T. KECKEISEN, vice-president and secretary; CHARLES Z. MEYER, vice-president and comptroller.

Seattle-First National Bank, Seattle, Washington, has three new vice-presidents: J. W. HANSEN and FELIX M. DAVIS, both of the Main office, and EDWARD A. COON at the Spokane and Eastern office.

ALEXANDER HAY is now vice-president and comptroller of Community Savings Bank, Rochester, New York; HERBERT J. PETERS is vice-president and treasurer; PAUL EMERSON and JOHN E. SCHUBERT, vice-presidents. Public Relations Director MADELYN H. SULLIVAN has been made an assistant vice-president, as has RICHARD I. BARKER, Jr.

FRANKLIN V. BARGER has been made vice-president in charge of the mortgage loan and real estate departments of the Ohio Citizens Trust Company, Toledo.

The United States National Bank, Portland, Oregon, has three new vice-presidents: HERBERT AMBLER, P. L. METSCHAN, and L. C. SMITH.

ELLSWORTH C. BISSELL and PHILIP F. SWART are new vice-presidents of Guaranty Trust Company of New York.

At Union National Bank of Charlotte, North Carolina, H. M. VICTOR, the bank's founder, has been made honorary chairman of the board. GEORGE S. CROUCH becomes board chairman; CARL G. MCGRAW, president; L. D. BROOKS, and JOHN N. MILLS, executive vice-presidents.

Two new vice-presidents of the Trust Company of Georgia, Atlanta, are: CHARLES P. TAYLOR and WILLIAM R. BOWDOIN.

FIRST NATIONAL BANK

PAYMENT STUB

MORTGAGE NO.	TYPE	DUE DATE		CASH	CHECK	PAYMENT	RTD
22163	31	4	1				
		PERIOD	DAY				

FIRST NATIONAL BANK

PROPERTY: 923 NORTH ADAMS RD
CHARLES J WOODING
6395 MAPLE LANE
MIDCITY MASS

PLEASE NOTE: THIS PAYMENT MUST BE MADE ON OR BEFORE DUE DATE.

KINDLY NOTIFY THE BANK OF ANY CHANGE OF ADDRESS OR OWNERSHIP. PAYMENTS MAY BE MADE AT THE MORTGAGE CASHIER'S WINDOW OR BY MAIL.

MORTGAGE NO.	MORTGAGE PRINCIPAL BEFORE THIS PAYMENT	DATE DUE	AMOUNT OF INTEREST	APPLIED ON PRINCIPAL	TAXES & INSURANCE	TOTAL DUE
22163	1979.97	30452	825	957	1300	3082

PLEASE BRING THIS BILL AND STUB WHEN MAKING PAYMENT AT THE BANK. WHEN PAYING BY CHECK SEND STUB ONLY. YOUR CANCELLED CHECK WILL BE YOUR RECEIPT.

TOTAL DUE: 3082

PAY LAST AMOUNT IN THIS COLUMN

OVER

Automatic Billing...

an EXTRA dividend from IBM accounting

Modernizing your Mortgage Department with the help of IBM Accounting is a long step toward substantial dividends in savings and improved customer service.

But there are *extra* dividends too. Regular monthly bills and overdue notices—completely itemized—are by-products of the regular record keeping functions performed by IBM machines. Like the records, they are prepared *automatically*, relieving employees of a tedious and repetitive calculating task. Automatically prepared analyses of the mortgage portfolio are still another by-product.

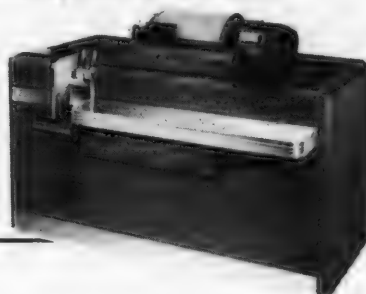
IBM Accounting brings large-scale advantages to other major accounting functions, too. Our representative will be glad to give you detailed information.

IBM
LEASING DEPT.

INTERNATIONAL BUSINESS MACHINES
590 Madison Avenue, New York 22, N.Y.

Check These Advantages of IBM Mortgage Accounting

1. Employees relieved of tedious calculating.
2. Congestion at pay window reduced.
3. Records of transactions, accounts, and statements available *without* interfering with ledger files.
4. Portfolios analyzed as extensively as desired.
5. Increased business handled with little or no increase in equipment or personnel.
6. Accounting control simplified.



TAXES

make the difference



*Despite higher taxes there is a way you can improve
the net income from your bond account*

TODAY an increasing number of banks, corporations and individuals are finding it advantageous to invest in tax-free State and Municipal Bonds.

The Northern Trust Company Bond Department offers you two particularly valuable services in connection with tax-free securities. Its complete facilities and experience stand ready to assist you in re-

viewing your bank's *own* bond account. We can also **help** you offer full assistance to *your customers* in the selection and purchase of such bonds to fit their investment needs.

Decide now to use The Northern Trust Company's Bond services at the next opportunity. Call or write the Bond Department for full information.

The bank of personal service

THE NORTHERN TRUST COMPANY

LOCK BOX N, CHICAGO 90 • FRANKLIN 2-7070

Member Federal Deposit Insurance Corporation

NEW YORK REPRESENTATIVE • 15 BROAD STREET, NEW YORK 5

Government Bonds

(CONTINUED FROM PAGE 38)

their holdings of the certificates maturing on April 1. Currently they own between \$3,500,000,000 and \$4,000,000,000 of the \$9,500,000,000 outstanding—and all during January were unwilling to sell any, in spite of the strong market demand for the issue. Once more the Treasury should permit the credit of the larger tax payment checks to the tax and loan accounts of accredited depositaries and might be a little more liberal than in the past. Ample methods will be available to prove that the "accord" announced a year ago is still in effect.

An additional reason for mutual cooperative behavior is that on March 10 the hearings before the Patman committee will get under way with the scheduled appearance of Secretary Snyder. The fiscal and credit authorities are now walking the tight rope together and must carefully preserve their balance in the face of a ring master reported to be somewhat unsatisfied with their performance.

Business Loans Deadline

In four out of the five weeks from December 26 to January 30, the business loans of reporting member banks declined for a total reduction of \$430,000,000. Furthermore, the increase which occurred in the fifth week was due to a couple of large corporate loans of a special and non-recurring nature. Last year in those same five weeks there was an increase of \$281,000,000, so that business appears this year to have needed over \$700,000,000 less in spite of the stepped up tempo of defense requirements. So far this is contrary to estimates of increased capital requirements for the first half of 1952. If February produces a continuation of this trend there will be added evidence that inflationary pressures are lessening. Federal Reserve Board Governor Powell, who is in charge of the Voluntary Credit Restraint Program, was cheered by this evidence of general cooperation among loaning institutions.

Changed Make-Up of Earning Assets

Since the end of 1945 there has been a very decided change in the make-up of the earning assets of commercial banks and a change

which raises some questions as to how much further the marked increase in what are currently referred to as "risk assets" can or should go. Look at the following table, which are the figures given by the Federal Deposit Insurance Corporation for all insured commercial banks on the respective dates.

	Loans and Investments	(000,000 omitted)		U. S. Govt. & Guar. Issue	State & Municipal	Other Investments
	Loans	Investments	Loans	Investments		
12/31/45	\$121,809	\$25,765	\$96,043	\$88,912	\$3,873	\$3,258
6/30/51	124,132	54,306	69,825	67,427	8,319	4,079
	+ \$ 2,323	+ \$28,541	—\$27,218	—\$31,485	+ \$ 4,446	+ \$ 521
% Inc. or Decrease	+1.9%	+111%	—28½%	—35½%	+143½%	+25%

During the period the total earning assets rose just under 2 percent but the make-up shifted sharply. While obligations of the U. S. Government dropped 35½ percent, total investments were down only 28½ percent because of the rise of 114¾ percent in the "tax free" state and municipal bonds and the 25 percent

Bank Stocks

Our analysis of the 1951 year-end reports of a group of outstanding banks is completed and now available.

A copy will be sent free upon request.

We deal actively in bank shares and are prepared to buy or sell in large or small blocks at net prices.

Blyth & Co., Inc.

NEW YORK • SAN FRANCISCO • CHICAGO • LOS ANGELES • SEATTLE • PORTLAND
BOSTON • SPRINGFIELD • PHILADELPHIA • PITTSBURGH • CLEVELAND • INDIANAPOLIS
LOUISVILLE • DETROIT • MINNEAPOLIS • SPOKANE • OAKLAND • EUREKA
SACRAMENTO • FRESNO • SAN JOSE • PASADENA • SAN DIEGO

Canada's FIRST BANK

COAST-TO-COAST



BANK OF MONTREAL

New York - 64 Wall Street Chicago - 27 S. La Salle Street San Francisco - 333 California Street

550 Branches Across Canada • Resources Exceed \$2 Billion

rise in "other"—chiefly corporate—investments.

In short, the "riskless" investment in Government obligations fell from about 73 percent of total earning assets at the end of 1945 to about 46 percent of such assets by the middle of 1951, while the sum of loans and other than Government investments rose from about 27 percent to 54 percent of all earning assets with the rise in loans being the major factor in that change. No wonder the FDIC has been concerned over

what should be the proper relationship between the sum of "risk assets" and deposit liabilities.

In this connection note the increase of 114¾ percent in the total holdings of the "tax free" issues. These had risen from 4 percent of total investments at the end of 1945 to 12 percent by the middle of last year and slightly more since then; now they are over \$1,200 of every \$10,000 of commercial banks investments. The marketability factor of the various state and municipal is-

ssues is subject to very wide differences, wider perhaps than their credit standings. Their purchase has been the direct result of the increase in corporate income tax rates and has unquestionably been profitable from a net income standpoint. But there can be "too much of a good thing." We suggest that the figures given raise a question as to how far the individual bank should go, especially at a time when the risk factor has been unavoidably swollen by the tremendous rise in loan portfolios.



"How do you start a Pension Program?"

That question seems to stop a good many companies these days—companies that would like to start some form of retirement program but just don't know how to go about it.

So to try and help, we've just prepared a booklet called "*Private Pension Funds*."

Not that we're pension plan experts.

Or trust fund administrators either.

But over the years we have worked pretty closely with a number of both, learned a lot about their problems, and do feel that this booklet reduces pension planning to basic fundamentals.

It covers the tremendous growth of private pension funds since 1940, gives the reasons behind that growth, and tells why it should continue.

It discusses the advantages of starting pension plans now, outlines a suggested procedure to follow, and stresses the importance of competent advice.

You'll find a separate section on common stocks, too . . . detailed answers on six major questions concerning these stocks and their rightful place in the pension portfolio . . . and brief mention of the unusual services we think we can offer trustees—particularly in the selection and supervision of the most suitable securities for any specific fund.

If you think a copy of "*Private Pension Funds*" would be helpful to you—or to any of your corporate contacts—we'll be happy to mail you one, two, or a dozen.

Simply address—

Pension Fund Department 16-A

MERRILL LYNCH, PIERCE, FENNER & BEANE

70 PINE STREET

NEW YORK 5, N. Y.

Offices in 97 Cities

News About Banks

The MANSFIELD (Ohio) SAVINGS TRUST NATIONAL BANK has opened a new branch with drive-in windows.

The CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA has opened a new branch in Columbia which is modernistic in design and has a parking lot and drive-in windows.

CENTRAL VALLEY BANK OF CALIFORNIA, Richmond, is planning its ninth banking office, to be erected in the La Loma district of Stanislaus County.

FIRST SAVINGS BANK OF COLUSA, California, has published a little gold-covered booklet to celebrate its first 50 years. It notes in one place: "The history of a bank or any other business is necessarily a story of men—of their hopes and their dreams—of their ambitions and accomplishments—of their characters and ideals. . . . Times and methods change but not principles."

CITY BANK, Detroit, having taken over the PEOPLES STATE BANK OF HAZEL PARK, announced that the office would have an independent board made up largely of the former board of directors. CHARLES D. WHITE, vice-president and cashier of CITY BANK, was the only addition to the Hazel Park board.

The WATERLOO (Iowa) SAVINGS BANK in a brochure published to celebrate its 50th anniversary, prints a diagram of the lobby, completely identified by numbers, with text telling a customer to which number to go for any particular service.

Man of Modest Means

(CONTINUED FROM PAGE 81)

statute provides that where the insured and designated beneficiary of a life insurance policy so die the proceeds shall be distributed as if the insured had survived the beneficiary. If, therefore, the policy does not provide for an alternate beneficiary, the proceeds will be payable to the estate of the insured.

Under our illustration, the assets will devolve as follows: the bank accounts and the securities will be divided equally between the estates of Mr. and Mrs. Smith; the title to the real property will vest in the children equally, one-half passing through the estate of the father and one-half through the estate of the mother; the proceeds of the life insurance policies (assuming they do not contain contingent provisions) will be payable to Mr. Smith's estate, and the tangible personal property, whether owned by Mr. Smith or Mrs. Smith, will either be distributed to the children as exempt property under local applicable law or will pass to them equally as intestate property. There being no wills and consequently no testamentary appointment of a general guardian for the children, the appointment will be made by the court, the maternal and paternal grandparents having equal right in most jurisdictions. In some states the general guardian will have priority in the matter of the issuance of letters of administration in the two estates.

Distribution

Following the settlement of the estates, the personal property will be distributed to the general guardian of the children to be held and administered until they attain their respective majorities, as prescribed by local law. The real property may be sold under supervision of the court. That the outlined court pro-

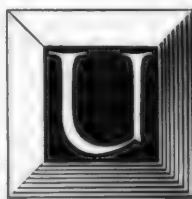
ceedings are costly and protracted, and that the results are generally unfavorable to the general welfare of the children, is evident. The guardian appointed by the court in accordance with the rights of relatives may not be the one the parents would have selected. If the value of the property of Mr. Smith represented by one-half of the bank accounts, securities, and house, plus the amount of the entire proceeds of taxable life insurance policies upon his life, exceeds the statutory exemptions of \$60,000, the excess (less debts and funeral expenses)

will be subject to Federal estate tax.

If Mrs. Smith receives injuries in a common disaster with her husband, who dies immediately, and she survives him by one minute, one hour, one day, or one month (assuming that Mrs. Smith does not have a will) the *ultimate* disposition of Mr. Smith's property, including the proceeds of life insurance, will be the same as though they had died simultaneously, the property passing to Mrs. Smith and upon her subsequent death to the children pursuant to local laws of intestacy.

(END)

How to increase Income through Tax Exemption



UNDER the provisions of the Revenue Act of 1951, the tax-exempt status of state and municipal bonds has acquired even more investment value for banks and other corporations. It allows them to obtain the traditional safety and stability of these issues and at the same time

equal and even exceed the income from other investments with higher, but taxable, yields—including governments.

For banks paying normal taxes and surtaxes—in the 52% bracket—a 1.50% tax-free yield now is equivalent to a 3.13% taxable yield in terms of dollars actually retained by the bank for its own use. For banks with income subject to excess profits taxes, on which the combined rate is 82%, a 1.50% tax-free yield is equal to an 8.33% taxable yield.

We have prepared a detailed comparison chart with tabulations to help you determine the value of tax exemption in your income bracket. Send for this tax chart without cost or obligation, together with our latest select list of tax-free bond offerings.

BANKS AND OTHER CORPORATIONS

	This TAX-EXEMPT YIELD	Equals this TAXABLE YIELD
For those subject only to NORMAL AND SURTAXES—52% {	1.00 1.25 1.50 1.75	2.08 2.60 3.13 3.65
For those also subject to EXCESS PROFITS TAXES—82% {	1.00 1.25 1.50 1.75	5.56 6.94 8.33 9.72

Based upon the Revenue Act of 1951

HALSEY, STUART & CO. Inc.

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AND OTHER PRINCIPAL CITIES

If you want to get rich, sell things the public can't do without, like lipstick, rouge and eyebrow pencil.

The radio now has a number of young sopranos who should go far. One lives next door to us.

From a trust officer's talk
20th Mid-Continent Trust Conference
Drake Hotel, Chicago
November 8, 1951



"Don't try to set up your own home-made advertising program unless you have been trained in advertising. The wisest money you will ever spend will be spent with an experienced advertising concern that devotes its time and money to keeping abreast of the needs of the public whom we would like to serve.

"The fee on one estate of \$75,000 will pay for a 2-year well-organized advertising program, using a selected list of 500 prospective customers."



This trust officer's bank has used Purse service since 1943 to develop business for its trust department.



Without obligation, write for information about Purse service. We can show you how a modest investment in it should prove very profitable for your bank.



THE PURSE COMPANY
Headquarters for Trust Advertising
CHATTANOOGA 2, TENNESSEE

Interest Rates and Loan Prospects

Here is the final instalment of BANKING's report on interest rates and loan prospects throughout the country. Space limitations, unfortunately, make it impossible for us to publish all the interesting information received from clearing house associations.

PITTSBURGH, PENNSYLVANIA. On commercial loans the trend in interest rates has been upward, both during the past six months and within the last 30 days. Key developments in this regard were the increases in the prime rate from 2½% to 2¾% in October and from 2¾% to 3% in December. Other rates on commercial loans have tended to move upward by the usual bracket above the prime rate, although not in all cases.

We doubt whether there will be much change during the next six months in interest rates on commercial loans, but if there is any change it will almost certainly be upward.

On mortgage loans there is less disposition now than there was six months ago to shade the usual rates, and not as much money is now available for 4% GI mortgages as was the case six months ago. In other words, there has been a slight tightening of rates. For the next six months we would expect little change in the mortgage money situation. In view of the likelihood of a reduced rate of residential construction this year as compared with last year, we believe that the supply of mortgage money will be adequate.

In the case of personal loans other than secured instalment paper, there has been a tendency during the past six months toward somewhat higher interest rates. In the case of secured instalment paper, rates have remained unchanged. We see no reason to expect any great change in the rates on personal loans during the next six months.

Interest rates on savings deposits have remained generally unchanged during the past six months, but interest rates on other time deposits have been increasing somewhat, reflecting primarily the influence of higher yields on U. S. Government bills. We do not look for any great change in these latter interest rates on time deposits during the next six months.

In general, the repayment behavior of loans is good, although there is perhaps some increase in the volume of requests for extensions and a few businesses which normally clean up their bank borrowings during off-peak periods have not done so. There is no tendency toward increasing the delinquency among mortgage or personal borrowers.

The demand for loans in this area is likely to show some further increase during the next six months.

FORT WORTH, TEXAS. Actually, rates stiffened here during the early part of 1951 and the increase in the prime rate occurring in December only gave an additional push to what had been going on all year. Of course, the various lines that were being carried at prime were immediately moved up in harmony with the new rates established by New York banks, but most of our revision had been made.

Most of the banks in this city are now paying 2% on savings up to the first \$10,000 and 1% on amounts in excess of \$10,000. It is probably too soon to appraise the effects of this increased rate structure. The old rates were 1% up to \$10,000 and ½ of 1% above. From a collection standpoint, no more than the usual amount of extensions

is being sought. On the whole, loans have performed nicely. Demand continues spirited.

PORTLAND, OREGON. All local banks followed the pattern established by New York banks and recently increased the prime rate to 3%. Wherever possible, rates on commercial loans have or are being increased by $\frac{1}{4}\%$ or $\frac{1}{2}\%$. This trend originated at the time the prime rate was increased to 2 $\frac{3}{4}\%$ last October. Conventional real estate mortgage loans on dwellings are at 5%, and on commercial property at 4 $\frac{1}{2}\%$ as a rule. Personal installment loans are on a 5% discount basis and 6% simple when under a single payment program.

Beginning January 1, 1952, several local savings and loan associations increased dividends on savings from 2% to 2 $\frac{1}{2}\%$, being computed on the lowest quarterly balance. At that time, all local banks, except one, increased savings rates from 1 $\frac{1}{2}\%$ to 2% with no limitation as to the balance. Also, two local banks are paying 2 $\frac{1}{2}\%$ interest on three-year term certificates of deposit.

The present trend is expected to continue throughout 1952. No particular change has been noticed in repayment experiences during recent months either on personal or commercial loans, and only the normal requests for extensions or anticipations have been experienced so far.

While no increase of importance in loan demand for the first half of 1952 is looked for, the present volume is expected to continue at about its current level.

SALT LAKE CITY, UTAH. Rates have definitely turned up. The trend in recent weeks has been accelerated as a result of the increase in the prime rate by the New York banks. This applies principally to commercial and mortgage loans. During the last six months the rate on commercial loans in this area has probably advanced from $\frac{1}{2}\%$ to 1% on the average. For the near future the rates will likely be stabilized on this higher plane.

In Salt Lake City banks are in the midst of a battle of interest rates on time deposits, a situation regarded as unwise by leading bankers. Last year a majority of the banks were paying interest on the following basis: 2% on amounts to \$2,500; 1% from \$2,500 to \$5,000; $\frac{1}{2}\%$ above \$5,000. One of the leading branch banks announced an increase as of January 1 to 2% on all savings deposits. Immediately, another local bank countered with an announcement of 2 $\frac{1}{2}\%$ to \$1,000 and 2% over.

Some liquidation of loans is expected within the next six months, both as a result of reduction in inventories and the curtailment of some phases of the civilian economy resulting from the impact of defense production. An important factor in the loan prospects is the influence of the Voluntary Credit Restraint Committee policies on non-essential borrowing as well as the reduction in home loans caused by Regulation X.

A CORRECTION

In the report from Boston published in our February issue the statement was made: "Interest paid on savings has been increasing, and generally with the commercial banks in this area it is now $\frac{1}{2}\%$." It should have read "1 $\frac{1}{2}\%$."

Also there was some ambiguity in the way we reported the trend in mortgage and consumer loans in that area. Actually there had been no increase in these rates until perhaps at the present time, when they seem to be in the process of being marked up.

These Banks Sponsor Fulton Lewis, Jr.

Among the many advertisers who sponsor Fulton Lewis, Jr. locally on Mutual Network stations are these banks:

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Florida National Bank	Lakeland, Fla.	WONN
First Trust and Savings Bank	Davenport, Ia.	KSTT
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Central Bank	Versailles, Ky.	WVLK
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Southwest National Bank	El Paso, Texas	KSET
Waggoner National Bank	Vernon, Texas	KVWC
American National Bank and Trust Co.	Danville, Va.	WDVA
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Our Appointment with Destiny

(CONTINUED FROM PAGE 42)

bases and prospective cannon fodder close to Russia. They question its altruism.

It is part of our task to explore these reactions far more fully than we have yet done, and by proper action to explode them if they are false. Yet we must, at the same time, fully realize that such reactions—such attitudes on the part of our beneficiaries—may feed that resurgence of isolationism which we ourselves need to fear if we are to meet our appointment with destiny.

Isolation for us is gone, and we need to make sure that every American knows why. It is not merely markets and some important strategic raw materials that we now need. We need also the friendship and active collaboration of all the free people of the world to avert the triumph of totalitarianism. For, if the world should line up into two warring camps, we shall need all the allies we can encourage to side with us. Let us have no illusions on that score. And let us not forget that the issue at stake will be human freedom, nothing less than that. Americans have always wanted their freedom. If we can make them realize that totalitarianism in *any* form is the death knell of freedom, they will surely forget about isolation and pitch in their lot with free men wherever they are to be found.

But there is a further danger inherent in isolationism. That danger is to be found in *trade practices*. We want markets. We want to sell our goods abroad. We must *take* goods too, since these are the only means of payment available to some of our needy customers. So, every move that is made to revive isolationism in trade practices needs to be closely watched. By the same token, every move that can be taken to free trade from shackles will have to be encouraged. For it is only by freer trade that our friends can be re-established as strong, going economic concerns; and it is only by thus

restoring them to economic health that we, with them, can build a world secure against totalitarianism.

A third, and a very important, cause for fear is that we may allow our own financial position to fall into a bad state of repair. That can come about through *continued* inflation. We have had too much of it already. The cost of living has gone up too fast and too far. The cost of new housing has gone beyond reasonable limits. The purchasing power of savings has fallen very badly. The inherent value of insurance, of annuities, of bonds, and of other types of financial resources has suffered severely. Old age pensions, even with the latest increase, have become inadequate for reasonable subsistence due to inflationary price increases. And on top of all that, the cost of government has been pushed too high because of nonessential spending on subsidies, schemes of social amelioration, swollen bureaucracy, and other things.

Time To Do Something About It

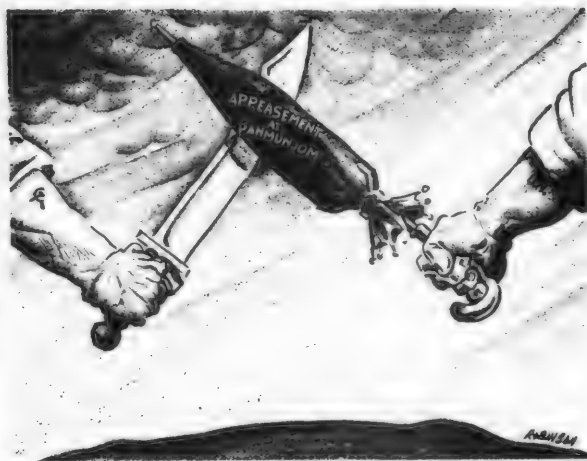
Such conditions cannot continue indefinitely and still leave us in a secure position as the leader of the free world. Furthermore, unless they are actually checked, or even reversed, we shall be running the risk of that eventual economic collapse for which the totalitarians are looking and hoping.

There surely must be enough economic statesmanship in America to realize that this is so. And there surely must be enough vision to call a halt to it and go about the business of putting our house in order. We want no more economic cyclones; and we might as well recognize the fact that if we get one, the end of the free world may be the penalty we shall have to pay for it.

The one other cause for fear to which attention may finally be drawn is that comparative stinginess may limit our help to those who need it, and whose support we may also need. America is the free world's main source of financial and other material aid in its struggle toward rehabilitation. While our resources are not unlimited, they are very great. We cannot afford to endanger our own house in order to give aid. The help we give ought to be ample for the job that needs to be done. Anything less than that will leave our friends weaker than they should be. Anything less will surely mean that we ourselves will not derive the greatest possible benefits tradewise and defensewise. On the other hand, anything more would be a disservice both to ourselves and to the beneficiaries. We should aim at helping them to help themselves, and not at making them our permanent poor dependents. Furthermore, we might even regard our aid to them as insurance premiums paid in advance in an effort to avoid a world-wide conflagration that could destroy us all. For, if such a disaster should come, then the cost in life and in wealth will be so vastly greater that all we might do now will look like "small potatoes."

Here, then, are some of the elements that enter into our appointment with destiny. The free world hangs in the balance. Time may be in our favor, and it may not. The sands are running low!

Unequal Weapons



ROBINSON IN THE INDIANAPOLIS NEWS

USSR Finance

THOUGH most surveys of Soviet economy devote at least one chapter to USSR finance, books in English exclusively on the Soviet financial system have been few and far between. Then, too, previous financial works were written in the prewar period and are now out-of-date. Thus Professor Condoide's new book (Condoide, Mikhail V., *The Soviet Financial System: Its Development and Relations with the Western World*, Ohio State University, Columbus, 1951, 230 pages, \$4.00), published under the auspices of the Bureau of Business Research of Ohio State University, fills a gap in our economic literature and is a contribution to present day understanding of the USSR. In a comparatively short space, he has written a compact summary of all the main financial operations of a planned economy which concentrates on armament and fast expansion of heavy industry.

THE book begins with a brief description of Soviet economic planning, stressing that finance must be planned, too. Then it discusses the half-dozen main types of banks: savings banks for private accounts, the State Bank for short-term loans and clearing house operations, and the industrial, agricultural, commercial and communal banks for disbursing grants and loans for capital investment. An entire chapter is devoted to Soviet monetary circulation, showing that money fulfills many of the same functions as in a capitalist economy. Professor Condoide also explains the peculiarities of the USSR budget, such as the absence of independent local budgets, revenue dependence largely on sales taxes, and the huge expenditures for capital investment. Concluding chapters describe the financing of Soviet foreign trade with non-Soviet currency, and the general USSR policy of heavy reparations and autarchy. There are many useful charts, an appendix containing translations of postwar Soviet financial decrees, and an extensive bibliography of articles and books in English and Russian. For people with little free time, the book is a very readable introduction to Iron Curtain finance.


As a serious reference tome, the book would not be so useful. Its

loose statements that in the USSR the government is the sole producer and distributor of commodities, all means of production are state-owned, and all citizens are eligible for pensions are inaccurate. Many goods are produced by cooperatives, collective farms and private gardens, peasant private-trade markets thrive in Soviet cities, and consumers' cooperatives manage most rural stores. Much livestock is privately owned, and every collective farm family has a large private garden. The only citizens assured of

pensions are government employees.

THERE also is no attempt in the book to find the hidden military appropriations in the USSR budget, though Soviet publications openly reveal that funds for armament industry are listed under "national economy," while military pensions and the expense of school military training are included in "social and cultural undertakings."

ELLSWORTH RAYMOND,
Economics Department,
New York University




CENTRAL NATIONAL BANK of CLEVELAND
Cleveland 1, Ohio

Good Location . . . Less Flotation

Because Central National Bank is located next door to Cleveland's main Post Office and in the same group of buildings that includes the railroads' Union Terminal, we're able to cut transit time and process your collection items much faster.

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For your correspondent banking connection in the Great Lakes area, choose Central National Bank of Cleveland. You'll find our service fast, efficient and complete.



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Nothing's deadlier than a Cummins-canceled check. Look at one. The holes-you-can-read tell everybody: This check has been paid and can't be used again . . . you can't alter the holes!

And because Cummins high-speed electric perforators cancel 20 checks at a time, any one of your clerks can easily cancel 20,000 checks an hour. The savings you realize in time and money pay the cost of the machines many times over.

Unlike the old-fashioned method of ink-stamping, the holes you can't erase mean permanence, complete legibility, clarity and everlasting safety. No Skips . . . No Misses.

Send the coupon today for full information about Cummins high-speed electric perforators.

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Clip and attach to your letterhead today.

YOU CAN'T ERASE A HOLE

Capital Loans

(CONTINUED FROM PAGE 39)

additional need for working capital. This comes at the time when there is little probability of current retained earnings supplying more than a small part of the new capital needed. This would seem to forecast more capital loans.

(2) Since 1946, there has been well over \$100-billion spent for new machinery and plant by business concerns in this country, over \$23-billion having been spent in 1951. Some part of these expenditures has been financed by the sale of equity capital or through retained earnings. Some of it, however, has been financed through current borrowings or through a reduction in current assets. The statement studies of the Federal Trade Commission reflect the decline in working capital of manufacturing company statements for this reason. We are told that there will be further large capital outlays in 1952. It is estimated that expenditures in the first quarter of 1952 will be nearly 20 percent greater than a year ago. Again, doesn't this indicate more capital loans?

There'll Come a Day

(3) In 1951 most businesses operated profitably, though in some lines and in some companies losses were shown. Although it would seem that 1952 will also be a good year, there will come a day when losses will take their toll of the working capital of certain businesses and for some 1952 may be the year.

(4) Studies recently made by the Department of Commerce show that many lines of business were carrying larger inventories for a good part of 1951 than was true on the average for 1947 to 1949. This is not advanced as a positive statement of a change in practices (for 1951 was an unusual year in many respects, particularly in the accumulation of inventories by many companies). It does show that changes occur. Receivables turned more slowly in some lines during 1951 and will undoubtedly become much slower when and if business turns down. Many are prophesying a slow-down in receivable turnover this year. The declining liquidity of business generally and its need of working capital would

seem to point to slower receivables in 1952. This will add further to the pressure on working capital.

(5) There is taking place at the present time a shifting of the kinds of debt supporting current assets. This is caused by the working of the Mills Plan, which requires the payment in the first six months of 1952 of 70 percent of Federal taxes accrued on 1951 income. By 1955, 100 percent of the prior year's tax accruals must be paid in the first six months of that year. A study of industry statements, borne out by a review of individual company statements, shows that an increasing, and now a large, portion of current assets is being financed by accrued taxes. It is also most alarming to see how few companies have made provision for these taxes by purchasing Governments As these tax payments are made, there will be need for more and more reliance on bank debt. Many of these advances may well turn into capital loans.

This is not meant to be a complete study of the question nor can we offer a solution. It does appear evident, however, that there is good reason to anticipate a sizable growth in the number of capital loans in our banks. The larger national companies, in many cases, have access to the capital markets and can obtain equity financing or long-term financing much more readily than can the small and medium-sized concern. As the smaller and medium-sized banks have a preponderance of the small and medium-sized companies as their customers, the problem of capital loans may be greater for them than for the larger banks.

This article is intended merely to pose the problem. Each individual bank should follow its own credits, watching for declining liquidity, advising against unwise fixed-asset expansion, encouraging equity financing, where possible, and going back again to the old, time-honored and wise system of striving for annual clean-up of loans by each borrower. This problem clearly points out again the wisdom of having the borrower answer satisfactorily two questions when loans are made.

(1) For what purpose will the funds be used?

(2) When and from what source will repayment be made?

AMERICAN-Standard

First in heating...first in plumbing

*Advertisements like this
create good prospects for
Home Modernization
Loans*



AMERICAN-Standard
First in heating...first in plumbing

*Friends
can't believe
it's the same
kitchen*

A TOTAL KITCHEN unit and cabinet by American-Standard gained a winning York. The New House with its gleaming and modern kitchen. The money saved from cabinet makes the perfect companion for it. Why not consider your kitchen like that?

Free—New 1951 Home Book. Shows how bathtubs, lavatories and showers, radiators, full-size, built-in, modernizing, full-size, modern, kitchen fixtures and plumbing. Features a wide choice of fixtures through heating and plumbing. Includes a wide choice of fixtures. Estimate your home picture plan the remodeling. Just use the coupon.

American Radiator & Standard Sanitary Corporation
Dept. 11, Pittsburgh 30

Products: Bathtubs, Lavatories, Showers, Radiators, Sinks, Faucets, Valves, Pipe, Fittings, etc.

Mark of Merit

MORTGAGE loans for home improvements like the modernized kitchen shown above are the soundest kind of investment opportunity. And American-Standard through its series of full-color national advertisements is telling millions of families that now is the time to go ahead with such jobs. Thus, this campaign is creating a big and immediate market for modernization loans.

Under prevailing regulations, you can make loans for the purchase of heating equipment and plumbing fixtures for remodeling jobs for as little as 10% down

and on terms up to 36 months. In the face of current restrictions on new construction, modernization loans become an increasingly important factor. And when those loans are made for the installation of American-Standard products, you know that the applicant is the type of person who has pride of ownership in his home.

Your heating and plumbing contractor will be glad to furnish you with interesting information about the complete American-Standard line. **American Radiator & Standard Sanitary Corporation**, P. O. Box 1226, Pittsburgh 30, Pennsylvania.



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"The Outlook Is Taxes"

These comments by bankers on some of the day's problems were taken from their annual reports. Similar excerpts were published in the February issue of **BANKING**.

TAXES, TAXES, TAXES

Holman D. Pettibone, president, Chicago Title and Trust Company

THE outlook is *Taxes*. . . . Our customers' business and our business reflect the impact of *taxes*. Wage needs of our staff are closely related to *taxes*. Total Federal budgeted expenditures are 10 times what they were in the 1930's and 20 times what they were in the 1920's. The Federal Government fails to exercise

adequate control over its expenditures. Reduction of Federal expenditures is of vital importance to every citizen.

CUT SPENDING, BROADEN TAX BASE

J. Luther Cleveland, chairman, William L. Kleitz, president, Guaranty Trust Company of New York

FINANCIAL centers generally welcomed the cessation of par support [of Government bonds], not only for its anti-inflationary value but even more because it appeared to mark a step toward the reestablishment of the independence and non-political character which the Federal

Reserve System was originally intended to have, and which it must have if it is to serve the needs of a free-enterprise economy. Political domination of central banking is a milestone on the road to the authoritarian state. . . .

The banks hope they will not again be called upon, as they were during World War II, to participate in a large scale monetization of public debt. But the final answer does not rest with the banks. It rests with those who determine the Government's fiscal policy. The fundamental fact is that the Government is trying to maintain a level of expenditure that cannot be supported by the existing tax structure. The solution of the fiscal problem, which is the heart of the inflationary problem, is to be found in reduced governmental expenditures and a broadened tax base. These are unpopular measures, but until they are adopted, we as a nation cannot claim to have taken adequate steps to meet the national emergency while at the same time maintaining the stability of our economy, and hence safeguarding our basic freedoms.

"SERVICE-GOVERNMENT SERVICE"

L. M. Giannini, president, Bank of America

WE are expected to shoulder increased taxes on the basis of national emergency—to finance defense. The fact is, however, that too many of our extra tax dollars are being spent for purposes far removed from defense. . . . Why is the cost of regular functions of government soaring . . . ? One primary cause is the modern habit of demanding or permitting endless expansion of Federal functions which increases our cost of living, our cost of government, and our taxes. With our tax dollars we are buying a service-government service. We are buying a service just as truly as when we pay insurance premiums, or laundry bills, or lawyer's fees, or interest on loans. When we consider that the ordinary functions of government, exclusive of national defense, foreign aid, and welfare

MUTUAL INVESTMENT FUNDS

Investors **MUTUAL**

Investors **STOCK FUND**

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FACE-AMOUNT CERTIFICATE COMPANY

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Prospectuses of these companies available at offices in 148 principal cities of the United States or from the national distributor and investment manager.

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BANKING?

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or to business men doing business with farmers, you can profit by the practical advice of the Doane Agricultural Digest and its twice-monthly releases. More than 1900 banks renew their subscriptions each year—because it pays to keep posted on agricultural developments . . . Write for Free Sample Releases . . . Doane Agricultural Service, Inc., Box 90, 5142 Delmar Blvd., St. Louis 8, Mo.

items, are costing us close to 50 percent more than they did six short years ago, the conclusions are inescapable that too many of our tax dollars are being wasted and we are demanding, or being forced to buy, more Government service than we can pay for, which means more than is good for us.

We need a reversal in national attitude, in which as individuals and as organized groups we cease demanding more and more subsidies from our Federal Government. We need the kind of leadership, in and out of government, that will bring about this reversal of national attitude and a return to constitutional government.

The good health of this country requires that we overcome the fear and defeatism that is all too prevalent in our land today, that we cease stimulating inflation by piling up more government debt, and that we achieve a pay-as-we-go policy, not by endlessly increasing taxes, but by making our tax dollars go farther.

FED'S FREEDOM VITAL

S. Sloan Colt, president, Bankers Trust Company, New York

THIS voluntary [credit restraint] program complements the general credit control exercised by the Federal Reserve System through its traditional function of influencing the cost and availability of credit. If the scope of Federal Reserve activities should be rigidly limited or restricted, it is likely that there would be substituted Government intervention in the lending and investing decisions of commercial banks. The significance of such a development to private banking is readily apparent.

Congressional hearings are being held to determine the extent to which Federal Reserve policies should be responsive to Government influence. We believe that the public interest will be served best if the control of central bank policy continues to be exercised by a free and independent body. We further believe that this position will be supported by all who value the contribution which a freely competitive private banking system can make to the continued growth and economic strength of our country.

NOW IS THE TIME

Sydney B. Congdon, president, The National City Bank of Cleveland

TAXES at such rates as those now prevailing severely limit the ability of business generally to pay a fair rate of return to those who supply the capital necessary for its operation and to accumulate capital as a base for further growth.

If there ever is a special time for economy in Government, for the elimination of nonessential expenditures, for avoidance of costly social experiments, that time is now.

SOUND TAX PROGRAMS

Richard H. West, president, William N. Enstrom, chairman, Irving Trust Company, New York

UNDER current conditions, when we cannot escape having high taxes, it becomes even more necessary that the Federal Government keep its expenditures to the minimum consistent with efficiency. Further, in levying taxes we must take every precaution that they are equitable, that they do not penalize initiative, and that they do not in themselves produce inflationary results.

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MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION

Personnel

(CONTINUED FROM PAGE 41)

of the programs just reviewed result in creation or expansion of student interest in our business—a vital element in recruitment.

Throughout the year, representatives of the larger banks—and executives of many of the smaller banks—keep in touch with high school teachers and counselors. In some months of the school year these contacts are broadened to include junior and senior students for the purpose of obtaining applications for bank positions.

In the specific job of recruiting, the bank personnel men try to direct the students' academic interest into channels that lead to an employer-employee relationship. Various means are used—presentation of an excellent motion picture entitled *A Future To Bank On*, elaboration of the picture's main points with stress on local application, a question session to meet student inquiries, and discussion of *Opportunities in Banking*—a booklet published by the A.B.A.

These school contacts are supported in many banks by periodic meetings with local school leaders, by participation with schools in formal work-study programs, by part-time employment of high school



"Well, nobody ever told me to chain the counter, too!"

seniors, and by summer employment of teachers and counselors.

Compensation for this notable expenditure of time, thought, and effort on the part of bankers comes in many forms, but most concretely—as far as personnel officers are concerned—in the maintenance of a reliable source of qualified and interested young applicants for positions in banking.

A Chicago banker who finds it profitable to spend much of his time in the local schools is Moses M. Shaw, public relations director of the South East National Bank. Below, Mr. Shaw is talking to a class in Hyde Park High School. At the American Bankers Association convention in Chicago last fall, Mr. Shaw was in charge of a demonstration which portrayed a banker's visit to a high school class in banking and financial subjects.



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SAVINGS PASSBOOKS
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The Burroughs Sensimatic handles either Unit or Dual posting plans with equal ease. It operates easily, quickly and accurately to save you time, effort and expense—and you'll be surprised at its moderate price.

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Chicago 36, Illinois

Washington

(CONTINUED FROM PAGE 35)

emphasis upon Administration domination of the Federal Reserve System, will not be likely to bring about any legislation changing the relationship of the Federal Reserve to the Administration. This emphasis, however, pertains to the committee's chairman and not its membership generally. As a matter of fact, Senator Paul H. Douglas (D., Ill.) and Rep. Jesse P. Wolcott (R., Mich.) oppose Federal government dominance over the Reserve System. These two are also members of the Patman committee. Others are Senator Ralph E. Flanders (R., Vt.) and Rep. Richard Bolling (D., Mo.).

Banks Hold Line on Lending

RESERVE BOARD officials have gathered information in connection with their survey of lending trends which indicates that banks not only are holding the line against inflationary lending but plan to hold the line in the months ahead. The survey was obtained by Federal Reserve bank executives in direct discussions with key bankers throughout the entire country.

"Summarizing the picture" as a result of the credit survey, said Gov. Oliver Powell, chairman of the National Voluntary Credit Restraint Committee, "it can be said that defense lending is expected to remain large. Commodity loans will furnish the major seasonal reduction in bank credit during the next six months. This seasonal reduction will be partly offset by borrowing to pay taxes. It will require very conservative screening of less essential credit to prevent an increase in the money supply in the first half of 1952 as a result of over-all bank credit expansion."

He reported that "there appears to be only a limited amount of bank borrowing to finance backed up inventories. Much past borrowing of this kind has been liquidated."

Gov. Powell called attention to "the deterioration in the liquid asset position of corporations due to the use of corporate income for plant machinery, growth of factory inventories, and maintenance of high dividend levels. Industrial balance sheets have become less liquid." He noted

that cash and governments on September 30, 1951, amounted to only 57 percent of current liabilities against 73 percent on June 30, 1950.

"This means that future plant expansion will be financed more extensively than in the recent past with borrowed money," he said. He also observed that under the Mills plan for accelerating corporation income tax payments "corporations will probably need to borrow some part of the money needed for payment of Federal taxes in March and June of 1952."

Taxes Encourage Business Borrowing

Gov. POWELL also found that under present high corporation income taxes businesses are learning that they can, as it were, make money by borrowing money.

Under the excess profits tax, "borrowed money increases a corporation's tax base to a point where the reduction in taxes more than offsets the interest paid on the borrowed money. Thus, any corporation treasurer with a sharp pencil can figure that he makes money for his firm by borrowing," Gov. Powell observed.

The Reserve Board found that, taking account of about \$150,000,000 of credit extended in January to metal working industries, business loans during the month otherwise declined "promptly and seasonally."

President Views Monetary Outlook

IN his "Economic Report" message the President again praised the VCR program, but added a cautionary note. "The Voluntary Credit Restraint Program," he said, "continues to be helpful in discouraging loans for less essential purposes, although continuous care needs to be exercised not to discourage activities important for a strong economy."

At two points, at least, the President suggested some conflicting logic in his thinking. While again advocating higher standby reserve requirements legislation, he said:

"This type of (credit) control cannot be used indiscriminately, since credit plays a vital role in the functioning and growth of the economy, especially now when rapid expansion in certain vital sectors of the economy is necessary."

His other seeming inconsistency

related to his attitude on savings. He declared that it "is necessary also to promote a high level of saving." At another point, after referring to the recent trend toward higher individual savings, he observed:

"This is a precarious situation," (should savers decide to spend) "and any day some combination of events could cause consumers to reverse the prudent attitude of recent months. It is essential that we maintain and perfect the policies which will effectively curb such an inflationary outburst."

The President has not further stated what, if anything, he had in mind to curb consumers and savers from determining to spend their savings if they chose.

By advocating higher standby reserve legislation, yet disparaging, seemingly, its use, the President gave the impression that the advocacy of higher reserve requirements was perhaps perfunctory. Well informed observers suggest what appears to be a plausible explanation of this inconsistency. The President has received conflicting advice on this question because his Adminis-

tration is divided. At least one potent group of advisers still advocates higher reserves, and could perhaps later persuade the President to put pressure upon Congress for their enactment.

Even if this does develop, however, the outlook still is exceedingly dim that Congress would give any serious consideration to this proposal under economic conditions as far as they can now be foreseen.

Earnings Report Due Mid-March

It is now anticipated that the report on the Federal Reserve Board's study of bank earnings, as affected by the new and higher corporation income and excess profits taxes, will be made public around the middle of March.

This is the report which will be based upon replies from some 1,500 questionnaires sent to carefully selected and typical banks, to ascertain the effects of taxation not only upon their earnings but upon their capital position as affected by earnings. The study was undertaken in cooperation with the A.B.A. and sev-

eral other associations of bankers.

The delay from last month was occasioned in large part by the carefulness with which the Federal Reserve banks and Board have been checking and correlating the data.

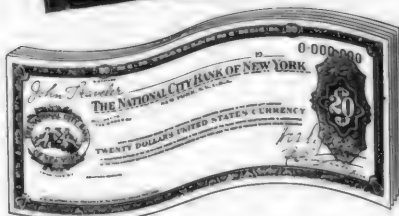
Delay, however, has not lessened the chances of tax relief for banks from the effects of the excess profits tax, because neither House nor Senate taxing committee got around promptly to considering a relief bill. There was some doubt that relief from the inequities of EPT might after all be forthcoming at this session of Congress.

Deficit Officially Predicted

PRESIDENT TRUMAN has "made it official," as it were, that there are prospects for not less than three and no one knows how many more successive Federal deficits. While proposing the expenditure of \$85.4-billion for fiscal 1953, as reported likely in the January issue of BANKING, the President predicted a deficit of \$14.4-billion for that year in his 1953 budget.

(CONTINUED ON PAGE 136)

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on a
limb"?

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RODNEY C. LARCOM, Treasurer
Dedham Institution for Savings
Dedham, Mass.

"The new Mosler 'A' Label Ledger Desk Safe takes the place of two trucks—saves time and effort—keeps our signature cards, mortgage and insurance papers, all in one safe—easy of access—guarantees four-hour fire protection to our vital records—receives favorable comment, and adds to the beauty and appearance of the bank."

RAY E. TENNEY, Treasurer
Cheshire County Savings Bank
Keene, New Hampshire

"We purchased four Mosler Ledger Desk Safes bearing the Underwriters' 'A' Label, because we wanted the best in safe construction."

"We wanted a safe which had been tested by disinterested engineers—other than those employed by the manufacturer."

W. WARREN STOCKER, Treasurer
Salem Five Cents Savings Bank
Salem, Mass.

"The two new Mosler Ledger Desk 'A' Label Safes operate easily, lend dignity to our Banking Room, have made a most favorable public impression, care for our 25,000 ledger and signature cards, and guarantee us four-hour fire protection."

ARTHUR E. STORY, Treasurer
Chelsea Savings Bank
Norwich, Conn.

"We have been using the Mosler Ledger Desk Safe with the greatest of satisfaction. It is a pleasure for all of us to be able to go to a central spot and find our pertinent records so very satisfactorily correlated. Since using your equipment we have been able to save much time and effort."

JOHN H. CREECH, Executive Manager
Shaker Heights Savings Association
Shaker Heights, Ohio

"The fact that Mosler 'A' Label Ledger Desk Safes bore the 4-hour Underwriters' 'A' Label was a compelling force in our decision to purchase, knowing that safety from the hazards of fire was a most important factor."

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Biddeford Savings Bank
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ON THE LEVEL

In our business we are constantly piling checks on skids and lifting them off to be stitched or cut, and then piling them back on skids or tables to be lifted off again for other operations. Such handling involves a lot of bending and stooping and it can be very tiring.

As a part of our "Do It Easier" program we switched from skids to tables wherever possible, and to make it easy on the folks who have to push the tables around, we equipped all these units with nice large, roller-bearing, rubber-tired wheels. The trouble with this is that everything is piled up above table height and, while stooping is practically eliminated, everything has to be lifted higher and that can be just as tiring.

Well, to get back to our headline, we are now equipping our plants with on-the-level hand trucks which remain always at the proper working height. As they are loaded the weight lowers them, and as the load is removed they come back up to the desired height. This is accomplished thru the use of delicately balanced spring suspension, custom built for the predetermined load factor.

Of course, by comparison with conventional mobile units these little trucks are very costly, but when their depreciation charge-off is measured against the fatigue factor the price is low. Materials handling is perhaps the greatest single cost factor in manufacturing, and it certainly is under scrutiny in our plants because there can be no relaxing of our efforts to hold the line on costs.



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(CONTINUED FROM PAGE 133)

He revised the deficit estimate for the current year to \$8.2-billion.

There is a clear implication that the deficit will extend into fiscal 1954, for the President stated that the bulk of production under the presently-planned national production program will not be completed before the end of calendar 1954, which would carry volume production, and hence volume spending, into fiscal 1955 before it "tapered off."

While officially abandoning budget-balancing for three years, the President did not propose to set a time at which deficits should end. "If new international tensions do not develop, and if no further aggressions are attempted, I hope we will be able to reduce budget expenditures after the fiscal year 1954," stated the President. "By then we should have completed our currently planned military expansion."

So the prospects for budget balancing after fiscal 1954 depend upon (1) completion of "our presently planned" military production program, and (2) the avoidance of new aggressions or tensions.

Congress to Try Budget Cutting

CONGRESS, of course, will try to cut expenditures. The more responsible conservatives in Congress are reaching now toward a cut of appropriations of \$2-billion for foreign aid.

(CONTINUED ON PAGE 139)



"I'll bet you wouldn't be so fast with your 'No' if I were some foreign country in here looking for a few bucks."

Is your protection sufficient?

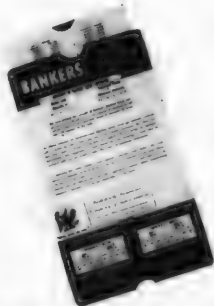


It's a cold fact that embezzlers go for big sums these days. That's why it's a good idea to examine your Bankers' Blanket Bond now to see that your protection is adequate.

To help you determine the amount of coverage you need in your Bankers' Blanket Bond, Indemnity Insurance Company of North America has published a new Bankers' Automatic Calculator.

To find the recently revised suggested amount of Bankers' Blanket Bond coverage needed, as recommended by the American Bankers Association, you simply manipulate the card in the slot. The amount slides instantly into view.

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THE 17TH INFANTRY REGIMENT was attacking Hill 1232 near Taemi-Doug, Korea. Able and Baker Companies became split by a Red-held ridge. Charlie Company, Captain Harvey commanding, was moving up to fill the gap when the dug-in Red guns pinned it down. Calling for covering fire, Captain Harvey advanced



alone through a hail of enemy bullets. One by one, he personally wiped out four emplacements of machine guns and automatic weapons. Then he caught a bullet through the lung. But he stayed on, refusing evacuation, until sure the objective had been won.

"In Korea," says Captain Harvey, "we stopped aggression by *united* strength. *You* were helping—every time you bought a Defense Bond. Because your Defense Bonds were doing more than just helping keep you, and your family, and your country financially stable. They were backing *us* up in the field with *American production power*, the surest support any fighting man can have!

"I hope you'll go on buying Bonds—many, many of them. For your Bonds—and our bayonets—are making America strong. And in today's cold-warring world, *peace is only for the strong.*"



Remember that when you're buying bonds for national defense, you're also building a personal reserve of cash savings. Remember, too, that if you don't save *regularly*, you generally don't save at all. Money you take home usually is money spent. So sign up today in the Payroll Savings Plan where you work, or the Bond-A-Month Plan where you bank. For your country's security, and your own, buy U.S. Defense Bonds now!

**Peace is for the strong...
Buy U. S. Defense Bonds now!**



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(CONTINUED FROM PAGE 136)

\$3-billion in the U. S. military establishment, and \$1-billion from all other appropriations.

It may be doubted that this project will be wholly successful. A guess of about \$4-billion of reductions in appropriations is about all any informed observer would hazard at this juncture. Last year Congress asserted that it had reduced fiscal 1952 appropriations by \$4-billion, but the net effect of this cut was to reduce the President's spending estimate for the current year by only \$700,000,000 from his previous estimate.

This is because backlog appropriations and contract authorizations tend to offset current budgetary cuts.

Nondefense Cuts Doubted

CAREFUL analysis of the 1953 budget in comparison with figures carried in previous budgets fails to sustain the hopes the President proclaimed of reductions in nondefense spending, particularly:

(1) An over-all cut of \$2-billion, or 9 percent, over a 3-year period. There will be a cut of some \$2.4-billion in expenditures for veterans, due solely to the fact that veterans' right to jobless pay has run out, and educational assistance also is running out, due entirely to terminal dates fixed by statute.

By comparison with previous budgets, however, it appears that the majority of items of nondefense expenditure are increasing, and some of them rather largely, over three years ago.

(2) The President said he was proposing funds for "only half as many" flood control projects as two years previously. This appears to be misleading. The President's budget uses such different categories between fiscal 1951 and 1953 as to avoid the possibility of a strictly accurate "running down" of this claim. However, as near as it can be tracked, it would appear that the President is proposing fewer but larger flood-control-multiple-purpose projects, but that they will individually be larger in prospective cost. The total cost of these projects may be about the same as two years ago.

(CONTINUED ON NEXT PAGE)

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(CONTINUED FROM PRECEDING PAGE)

Holding Company Bill Offered by Spence

REP. BRENT SPENCE (D., Ky.), chairman of the House Banking Committee, has introduced a bill

proposing amendments to the regulation of bank holding companies, as he indicated he would do last September when he addressed an independent bankers dinner held at the time of the annual convention of the A.B.A. in Chicago.

The Spence bill provides that the Federal Reserve Board, if a hearing so determines, can find that a company "directly or indirectly" exercises a controlling influence over the management and policies of two or more banks, regardless of whether it owns 15 percent of the voting shares.

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RFC Sells Bank Obligations

RFC, to the surprise of some observers, actually followed through with its implied threat and offered for sale its remaining obligations in commercial banks. The agency sent notices out on the prospective sale of \$75,391,000 of preferred stock, capital notes, or debentures in 151 banks (compared with \$85,677,000 in 370 banks on July 1, 1951).

It had been thought that, while the RFC, on November 1, cleared the way for such sales by announcing it would no longer be obligated to notify a bank of a sale after 60 days, the agency might sell only an occasional one of these investments. Instead it offered all for sale.

There is no general deadline on which offers will be accepted for sales completed. RFC, in effect, sent out an inventory of its holdings and invited offers. The sales will be handled case by case. What RFC will do when it has an offer to purchase any bank's capital notes, debentures, or preferred stock is to communicate this fact to the particular bank. The identity of the prospective purchaser will be withheld from the bank, unless the former is willing to disclose it.

Thereupon the bank in question will be given a "reasonable time" to buy back its obligations from RFC. If it doesn't exercise this preference, the sale will be completed.

In some states, laws originally precluded RFC from aiding banks by the method of buying preferred stock. In such circumstances, RFC aided the banks by investing in capital notes or debentures. Where state laws did not prevent it, RFC invested in preferred stock, in which case it specified in most instances that this stock should carry a controlling interest in the banks involved. (END)

*Very few persons can get money
without letting money get them.*

\$50,000,000

CAPITAL STRUCTURE

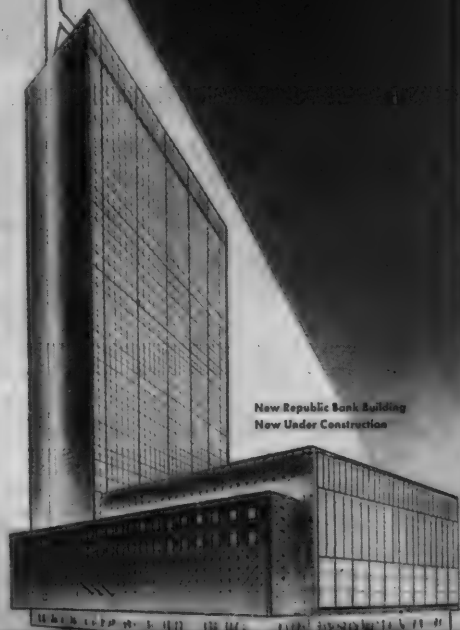
CAPITAL	\$21,000,000
SURPLUS	21,500,000
UNDIVIDED PROFITS	4,612,345
RESERVE FOR CONTINGENCIES	3,520,247

Our new Capital and Surplus of \$42,500,000—largest of any bank in the South and ranking twenty-second among all the 16,000 banks of the Nation—will enable us to handle more effectively the increasing financial requirements of the great Southwest.

You are cordially invited to use the facilities of this leading Bank—all designed to be helpful in serving the needs of individuals, businesses, and banks.



—the strong, friendly Bank.



New Republic Bank Building
Now Under Construction

REPUBLIC NATIONAL BANK of DALLAS

as of December 31, 1951

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

We are pleased to announce that
MR. BARNARD TOWNSEND
is now associated with our firm.

LEHMAN BROTHERS

January 29, 1952

Current bank survey reports — “Trailer coach paper excellent!”

*Tells experience
of 102 local banks
and finance companies
with \$75,412,000 of
paper financing 37,941 mobile homes*



The great majority of banks list trailer coach paper as “excellent”. 75% report less than 1% or no delinquency. 98% say they have suffered *no losses* on trailer coach paper over the last five-year period. These loans *average* \$1875.

Details of this national survey are now being sent to banks. For additional copies write to the address below. It will pay you to look into the trailer coach market in your community.

The modern mobile home costs from \$2000 to \$6000. It may accommodate as many as 6 persons. It has running water, electricity, shower, sanitary facilities, electric refrigerator, beds, tables, chairs and all of the other conveniences of modern house-keeping.

More than 1,500,000 Americans find mobile living the most suitable to their way of life.

3 out of 4 mobile home buyers prefer to finance their wheeled housing.



For information write: Banking and Finance Committee

Trailer Coach Manufacturers Assn.

DEPT. BK-32, CIVIC OPERA BUILDING CHICAGO 6, ILLINOIS

Farm Loan Department

(CONTINUED FROM PAGE 72)

The man employed in this position should have the potential ability of becoming a bank officer. Indeed, it is difficult for a bank to secure a good agricultural representative unless this opportunity does exist.

(3) He should be given some lending authority. After he has learned banking, let him make some decisions. If this is not possible, the program cannot be long-lived.

(4) He should assist in coordinating community affairs—*not attempt to be a technical advisor to agriculture*. Send the client to the specialist for technical help; wrong opinions on technical questions may mean losing good clients. The representative should be an expert lender and not claim to be an expert soil conservationist, crop specialist, livestock man, or what not.

(5) He should keep the bank informed on current trends in agriculture and eventually develop a knowledge of the strong points and weaknesses of the community's agricultural resources, particularly from the standpoint of sound agricultural lending.

How to Proceed

There are five important steps in the formulation of a successful and profitable farm loan department. Each is fundamental to the overall effectiveness of the program.

First, give the idea some thought; determine the merit of such a program in your bank. Get the last FDIC report and check the agricultural loans, both the volume and their relative importance in the loan portfolio. Now check it back over the last four or five years. Then estimate the percentage of total farmer depositors and total deposits in the bank belonging to farmers in your community. How do deposits compare with loans? If both are low, why are they low? Is it a non-agricultural area or have you operated a non-agricultural bank? If agricultural deposits and loans are high, could they be increased further? By now you have some ideas on the subject, so it is time to do some checking with agricultural leaders. Check some of the following questions with the county agent, vocational and GI teachers, and influential farmers: Is the bank

a part of the farm community? Do farmers consider the bank "their" bank? Is the bank adequately covering farm lending needs? Could more credit be used by farmers generally or for particular projects? If your questions are sincere, their answers will likewise be sincere. At this point you should know the potentialities of such a program.

A Sound Program

Second, plan a sound program. Simultaneously with step one above you have formed some ideas concerning the direction and scope the program should include. In a preliminary way, write up the details for operating the department. Include the following in this preliminary blueprint: (1) The potential volume of new loans available in the community; (2) the annual cost of hiring a full-time agricultural man and other expenses involved in such a department; (3) the plan of attack the agricultural man should take on the job; and (4) the length of time needed to get the department operating at what appears to be potential capacity. Discuss and revise the plan in view of suggestions from the other bank officers; reach full agreement.

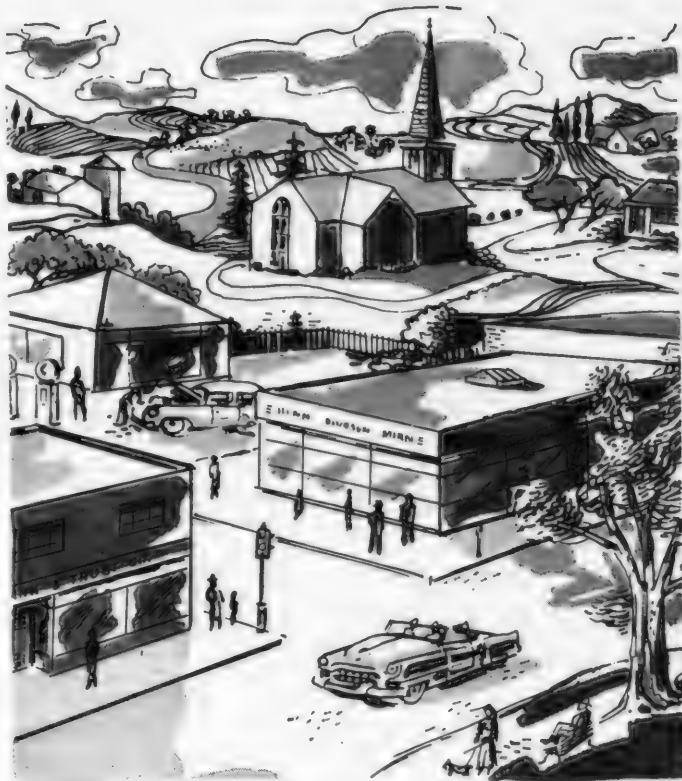
Third, present the program to your board of directors. Do they fully understand and approve it? This is an extremely important step in the process; it is here that so many programs fail. Carry the board of directors with you every step of the way. An advisory board of competent local agricultural leaders may be quite helpful in addition.

Pick a Good Man

Fourth, pick a good man to head the department. The qualifications for such a man are listed above. He is the "nerve center" of the whole program; therefore, he should be chosen with extreme care. Explain fully the program he is being hired to carry out; he should thoroughly understand and agree with the program. Do not lead an employee into this job blindly.

Fifth, carry one phase of the program to completion at a time. Do not attempt to do too much at the outset.

In conclusion, do not expect too much the first year or two. Anything worth striving toward requires time, concentrated effort and patience.



home town magic

Many a community all over America has magically turned up in sparkling new attire—as if someone had rubbed an Aladdin's lamp and, presto, entire neighborhoods put on the "new look."


The genii behind this activity has usually been the local banker who knows that the more attractive and efficient one makes his place of business, the more "profits" will result. Wherever modernization is being considered—in business, home or farm or in school, hospital or transportation facilities—your good friend, the banker, is almost certain to represent a key factor. In fact, most banks these days are busy modernizing their own quarters, too.

Bankers everywhere are imbued with a fine community spirit, placing their resources and wise counsel at the disposal of all businessmen. They encourage Main Street stores to acquire new faces and equipment to produce steadily-increasing business and attract new customers from distant areas.

But when you consider basic facts, the banker, to be successful, *must* be well-informed on the products and services his customers will use. Your products or services, if you please . . . prominently advertised in the bankers' favorite magazine **BANKING—Journal of The American Bankers Association . . .** 12 East 36 Street—New York 16, New York.

This advertisement is also appearing in current issues of Advertising Agency, Printers' Ink, Sales Management and Tide.

1st PLACE



Farm Income Growth
 Arizona farm income topped the country in percentage growth during the past decade with a five-fold increase from \$53 millions to \$276 millions — another indication of Arizona's increasing importance in the nation's economy.

ARIZONA'S STATE-WIDE BANK
VALLEY NATIONAL BANK
RESOURCES \$293 MILLION
 Home Office — Phoenix, Arizona

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



THE TEXAS COMPANY

—198th—
 Consecutive Dividend

A dividend of sixty-five cents (65¢) per share on the Capital Stock of the Company has been declared this day, payable on March 10, 1952, to stockholders of record at the close of business on February 8, 1952. The stock transfer books will remain open.

ROBERT FISHER

January 25, 1952

Treasurer

CIC
 COMMONWEALTH INVESTMENT COMPANY

A BROADLY DIVERSIFIED
 MUTUAL FUND

COMMONWEALTH INVESTMENT COMPANY
 ESTABLISHED 1932

Prospectus describing Company and terms of offering may be obtained from Investment Dealers or 2500 Russ Building, San Francisco 4, California

New Books

THE AMERICAN ECONOMY. By *A. J. Youngman Brown*. Library Publishers, New York. 205 pp. \$4.75. Published in England, this interesting study by a lecturer in economic history at the University of Cambridge is an account of the economic development of the United States from the Civil War to 1940.

THE STOCK MARKET. By *Charles Amos Dice* and *Wilford John Eiteman*. McGraw Hill, New York. 449 pp. \$6. This is the third edition of a book that factually describes the organization and operation of the security markets.

HISTORY AND POLICIES OF THE HOME OWNERS' LOAN CORPORATION. By *C. Lowell Harriss*. National Bureau of Economic Research, New York. 202 pp. \$3. An account of the relief agency's activities from its establishment in 1933 to final liquidation a year ago.

BUSINESS ORGANIZATION AND COMBINATION. By *Richard Norman Owens*. Prentice-Hall, New York. 550 pp. \$6.65. The forms, use, and regulation of business organization through 1950 are explained in this fourth edition of a textbook.

UNITED STATES ECONOMIC POLICY AND INTERNATIONAL RELATIONS. By *Raymond F. Mikesell*. McGraw-Hill, New York. 334 pp. \$4.75. A survey and analysis of this country's foreign economic policy over the last three decades.

1952 GUIDEBOOK TO NEW YORK STATE INCOME TAXES. By *Samuel M. Monatt*. Commerce Clearing House, Inc., Chicago. \$3. For individuals, partnerships and fiduciaries, resident or nonresident. The author is a CPA.

1952 GUIDEBOOK TO CALIFORNIA TAXES. By *Russell S. Bock*. Commerce Clearing House, Inc. \$3. The author, a CPA, is instructor in tax accounting at the University of California, Los Angeles.

CREDIT MANUAL OF COMMERCIAL LAWS. National Association of Credit Men, New York. 812 pp. \$10. The 1952 edition of this credit execu-

tives' guide book is also the 44th. The vast amount of material includes information about foreign sales and credits (OPS export controls, reciprocal trade agreements, agreements on tariffs and trade); Federal control of credit (Regulation V, loan guarantees for defense production, Regulations W and X); the price and wage regulations of 1951.

MANPOWER RESOURCES AND UTILIZATION. By *A. J. Jaffe* and *Charles D. Stewart*. John Wiley, New York. 522 pp. \$6.50. Primarily a study of the working force of the United States, the factors that have influenced it and the pressures that shape it today.

AN ECONOMIC APPROACH TO ANTI-TRUST PROBLEMS. By *Clare E. Griffin*. American Enterprises Association, New York. 93 pp. \$1. Includes new interpretations of antitrust law, proposed standards for industries and companies, and implementation of the proposed policy.

CORPORATE INCOME RETENTION: 1915-43. By *Sergei P. Dobrovolsky*. National Bureau of Economic Research, New York. 118 pp. \$2.50. A study based on data for manufacturing and mining companies.



"I'll have to withdraw 10 cents. My salary for shovelin' snow and dryin' dishes just isn't keepin' up with the cost of livin'!"

BANKING

A. I. B. EXECUTIVE COUNCIL

At the meeting of the Executive Council of the American Institute of Banking at Point Clear, Alabama, the week of January 20, seated (from the left): W. Harold Brenton, vice-president, American Bankers Association, and president, State Bank of Des Moines, Iowa; Alton P. Barr, president, A.I.B., and vice-president, Security Commercial Bank, Birmingham, Alabama; Harold Stonier, executive manager, A.B.A. Standing, Robert C. Rutherford, associate secretary, A.I.B.; Martin J. Travers, vice-president, Power City Trust Office of Marine Trust Company of Western New York, Niagara Falls; Floyd W. Larson, then national secretary, A.I.B.; Leroy Lewis, national education director, A.I.B.; and J. Kaye Ewart, immediate past president A.I.B., and vice-president, National Bank of Washington, Tacoma



News About Banks

When the CITIZENS & SOUTHERN NATIONAL BANK opened its new million-dollar branch in Atlanta recently, over 22,000 people visited the building between 10 a.m. and 6 p.m. A special 14-man police detail had to be called in to handle the crowd. Over 3,000 people waited in long lines to go on 50-minute guided tours of the new 4-story building. Souvenirs for all guests included, for adults, special matchbooks packed in cartons resembling miniature safe deposit boxes; for children, little "Porky Pig" banks. Refreshments were served in the lobby and a drawing was held at the end of the day for Savings Accounts ranging from \$5 to \$100.

The LIBERTY BANK OF HONOLULU has awarded a contract for the construction of a new \$300,000 four-story bank building. C. T. Wong, executive vice-president of the \$13.5-million bank, says that one of the highlights of the past year was the acceptance of the bank into the Federal Deposit Insurance Corporation.

When the FIRST NATIONAL BANK OF MEMPHIS opened its new branch recently, it received an unusual amount of publicity from newspapers and radio, and even had news flashes on TV. The bank says much of this interest was created by the branch's Community Service Room which accommodates 60 people and is available without charge to local groups.

More than 1,600 employees and members of their families attended

the annual-report-to-employees dinner party of the PEOPLES FIRST NATIONAL BANK & TRUST COMPANY, Pittsburgh.

To foster a movement of the University of Delaware for a graduate study program in American decora-

tive arts, the WILMINGTON TRUST COMPANY is donating a two-year fellowship valued at \$4,000.

Florida's largest bank, FIRST NATIONAL BANK OF MIAMI, plans a number of special events during 1952 to celebrate its 50th year.



EXECUTIVE COMMITTEE, A. B. A. COMMITTEE ON FEDERAL LEGISLATION

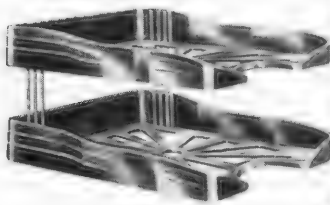
The Executive Committee of the American Bankers Association's Committee on Federal Legislation met in Washington on February 1 to review the Association's legislative program. Left to right, seated: D. E. Brumbaugh, president, First National Bank, Claysburg, Pennsylvania; Rudolph E. Reichert, chairman of the Committee on Federal Legislation and president, Ann Arbor Bank, Ann Arbor, Michigan; Claude E. Bennett, president, Tioga County Savings and Trust Company, Wellsboro, Pennsylvania; W. Harold Brenton, vice-president, American Bankers Association, and president, State Bank of Des Moines, Iowa; C. Francis Cocke, president, American Bankers Association, and president, The First National Exchange Bank of Roanoke, Virginia; James C. Bolton, president, Rapides Bank and Trust Company in Alexandria, Louisiana; Arthur W. Sands, president, Western State Bank, St. Paul, Minnesota; A. V. Stjepcevic, executive vice-president, W. L. Moody & Company, Galveston, Texas. Standing, left to right: Wendell T. Burns, senior vice-president, Northwestern National Bank of Minneapolis, Minnesota; Gilbert H. Perkins, executive vice-president, Chemical Bank & Trust Company, New York; Charles W. Hawkins, president, First National Bank, Spring Valley, New York; S. A. Phillips, vice-president, The First National Bank of Louisville, Kentucky; Harry J. Harding, chairman of board and president, First National Bank, Pleasanton, California; J. O. Brott, general counsel American Bankers Association, Washington, D. C.; Harold Stonier, executive manager, American Bankers Association, New York; Henry T. Bodman, general vice-president, National Bank of Detroit, Michigan; D. J. Needham, retiring general counsel, American Bankers Association, Washington, D. C.; Carroll A. Gunderson, deputy manager, American Bankers Association, New York; J. R. Dunkerley, Deputy manager, American Bankers Association, New York.



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#100 and #200**

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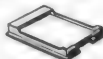
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FOUNTAIN PENS—an efficient and economical pen set with "thread-in" point section. A real time and money saver in any office.



BOOK ENDS—at last— inexpensive book ends to match modern office furniture.



MEMO PADS—available in two types. With jeweled bronze bar that drops as paper is used, or standard box style.



MORRISET—The constant flowing, finest all-round writing implement. Holds a full 2 1/2 ounces of ink. Choice of 5 quickly replaceable "thread-in" points—extra fine, fine, medium, broad, stub.



ASH TRAY—A real He-Man ash tray. Glass lined, perfect for any desk or conference table.



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What It Takes to Supervise

BANKING had a front row seat the other evening at a laboratory demonstration of modern techniques for producing that price-less commodity, job satisfaction.

In the trustees' room of the East River Savings Bank, New York, 28 people gathered around the big table for one of 12 weekly meetings in an educational project, "Accent on Supervision," or "A Key to Supervisor-Staff Relationships."

Although primarily for supervisors, the course differed substantially from the familiar "How-to-get-along-with-people" program in that the participants represented a cross section of the bank's executives. The board chairman, Joseph A. Broderick, and President George O. Nodyne were there; so were the treasurer, the personnel director, a couple of vice-presidents and assistant vice-presidents, branch officers, the chief clerks, department supervisors—in short, men and women who, in one way or another, have supervisory contacts with the staff.

For an hour and a half the group discussed, under expert leadership, the problems of staff relations. It explored bypaths of applied psychology, and considered how management, at whatever level, can facilitate the flow of work by smoothing maladjustments and removing irritants.

Even more important, the presence of top management gave all levels of supervision an opportunity

to hear clarifications of personnel policy objectives—information particularly useful to the supervisors in answering questions asked by the staff. And the senior officers had a chance to spot managerial potentials.

THE East River's course was organized by the bank's personnel department, and the arrangements were made with the New York State School of Industrial and Labor Relations at Cornell University which provided the discussion leader. A prospectus explained that the bank hoped to open the door to a frank examination of its supervisory practices and of its supervisors' ideas about the policies and practices governing contacts with top management. When the sessions were concluded, participants would be asked to evaluate the program and make suggestions.

"This is your opportunity," said the prospectus, "to learn ways to increase bank-wide office efficiency through better supervisor-staff relations."

The bank added that it had given considerable thought to a method for developing "those supervisory members of our staff who currently have or are seeking greater managerial responsibility." The course, therefore, was presented as an opportunity and as a basis for outlining future training needs.

The first phase covered the knowl-

edge, skills and attitudes that mark the successful supervisor. It broadly included abilities in human relations (leadership, understanding, how to interview, capacity to teach, etc.), sound employee relations, discipline, recognizing and reviewing performance, handling grievances, and maintenance of two-way communication. In later sessions bases for effective administrative practices required from supervisors were studied.

THERE'S no need to review the entire course here, but it's important to point out that possibly no part of it was more valuable to the supervisors than their own free discussion. Here are some random fragments BANKING noted at the session it attended:

Never forget that people want recognition. No one is just a Social Security number nor a carbon copy of somebody else . . . Remember that praise (from the president down) raises a person's opinion of himself; it stimulates him to do a better job. Learn how and when to praise—also, who wants it.

Everybody "longs to belong"—to feel he's essential. Some need emotional security; they want to know where they "fit." Tell them frankly. . . . Economic security is, obviously, a basic need with most employees, although it may have been overstressed. Remember, people don't live by dollar signs alone . . . Be fair; have no biases, no favorites. Encourage your staffers to pass along problems, ideas and opinions, thus increasing their sense of participation and responsibility . . . Train employees for the future as well as the present job. Encourage each individual's development.

And the bank's management offered this suggestion: The wise supervisor, however experienced, learns that job production, by and large, is in "direct relationship to happiness and contentment." Put another way, that's *job satisfaction*.

Maybe it all boils down to this simple formula: Recognize and respect the dignity of the individual. Then people will work *with* you rather than just *for* you. What a difference!

One of the "Accent on Supervision" sessions at East River Savings Bank, New York. Standing at the far end of the table are Personnel Director W. L. Barton, President Nodyne, and Board Chairman Broderick



The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

piling, defense production and stabilization administration, merchant marine and civil defense.

Canada? Well, as visitors we have long been impressed by the climate of the country and the hospitality of the people.

But even more impressive are her hospitality and climate in an economic sense. The latchstring is out and the welcome sign is up for capital and private enterprise.

While on our side of the fence we enter an era of deficit financing, the Canadians insist on a balanced budget.

Each year starting with fiscal '47, Canada's national debt has been decreased and the total of these cuts since the war have amounted to about \$2,232 million. The Dominion's (or as Churchill wants to say it henceforth, the Realm of Canada's) debt at the end of March 1951 was \$11,441 million or roughly 55 to 60 percent of her gross national product compared to our own debt of around \$260 billion, or about 80 percent of our gross national product.

In the current fiscal year ending March 31 their surplus is estimated between \$200 and \$300 million and their plans for the coming fiscal year provide for a safely balanced budget.

It is hard to compare budgets but Canada is spending for defense proper in this fiscal year ending in March of this year about \$1.7 billion. Multiply this by 17 because Canada's national income is about 1/17th of ours and the comparable figure is \$28.9 billion.

Canada is committing herself to globalism for less than we are in a military sense and in the relative amount of aid extended to Europe's defense. The same is true of her commitment to a welfare program of her own, which is relatively less than ours, no matter how you look at it.

It is when we come to taxes and controls, however, that the trail sharply divides and we wave goodbye. Canada's tax system gives business a nice break with a top limit of 50 percent and no excess profits toll. The finance ministry has even expressed misgivings that the present corporation taxes are too high and discourage incentive.

The Dominion federal tax on corporation income over \$10,000 is 45.6 and the provinces tie on another 5 to 7 percent, something like our states do. Income taxes on both individuals and corporations provide about 55 percent of Canada's total revenues compared to our own figure of almost 85 percent. Consumer taxes in Canada make up the difference.

Canada is the first major financial country to get

rid of exchange controls and thus give foreign investors assurance that money can be invested securely in an area that is hospitable to capital and frankly sympathetic toward business profit and competitive enterprise.

Exchange controls were established in Canada for the first time, about 1939. At the time they were clamped on, it was announced that they would be relaxed when circumstances permitted. Although 1952 is a long way from 1939, Canada, of all the major trading countries of the world, has now junked these restrictions.

Canada knows what it's like to be a U. S. dollar-starved country. Her need for these wonderful dollars arises from two major circumstances. First is the fact that a large proportion of Canadian fuel, both coal and oil, comes from the United States and must be paid for in our money.

Her industry is largely of the branch plant type. Canadian manufacturers of automobiles, electrical appliances, and so on, make almost exact duplicates of the goods produced here. This requires a great deal of importation of "semi-manufactures" from here, although each year an increasing proportion of the Canadian industrial product is made at home.

Historically Canada has depended on the convertibility of sterling. She had as high as a three to one "favorable" merchandise balance with England before World War II, so that sterling could be sold for dollars and pay for the merchandise deficit with the U. S.

Because of this aspect of the Canadian economy exchange controls became necessary. The war aggravated the situation although the U. S. through the Hyde Park agreement, managed to take care of the situation. The heart of the Hyde Park agreement was that we would buy liberally in Canada so that Canada would have the U. S. dollars she needed to finance her war effort and mutual aid program.

Canada lives by foreign trade, depending on it for her national income much more than we do.

Canada has no price control and her government has said there will be none unless there is real war. They do not want the strains and stresses that price control causes. They do have a kind of voluntary credit restraint program and indirect controls such as on consumer credit are quite severe.

ABROAD, we often seem like a person who has trouble "taking a good picture." We can't understand why the camera of foreign opinion frequently catches us in some awkward, unattractive pose with maybe a witless, bumptious expression that we never notice when we look in the mirror.

Oland D. Russell, an experienced interpreter of the Orient, writing in the *New York World-Telegram & Sun*, said that the indecisive fighting and truce negotiations in Korea had caused us to lose face in Japan. He found, not surprisingly, that the Japanese had a low opinion of our military power because "their opinion of Koreans is changeless." The Japanese feel, he says, that a few thousands of their police could have finished the job in Korea within a month or so. They like to recall today that 20 years ago Japanese troops took Manchuria away from China within a few days.

WILLIAM R. KUHN

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PROTECTION
HERE!**



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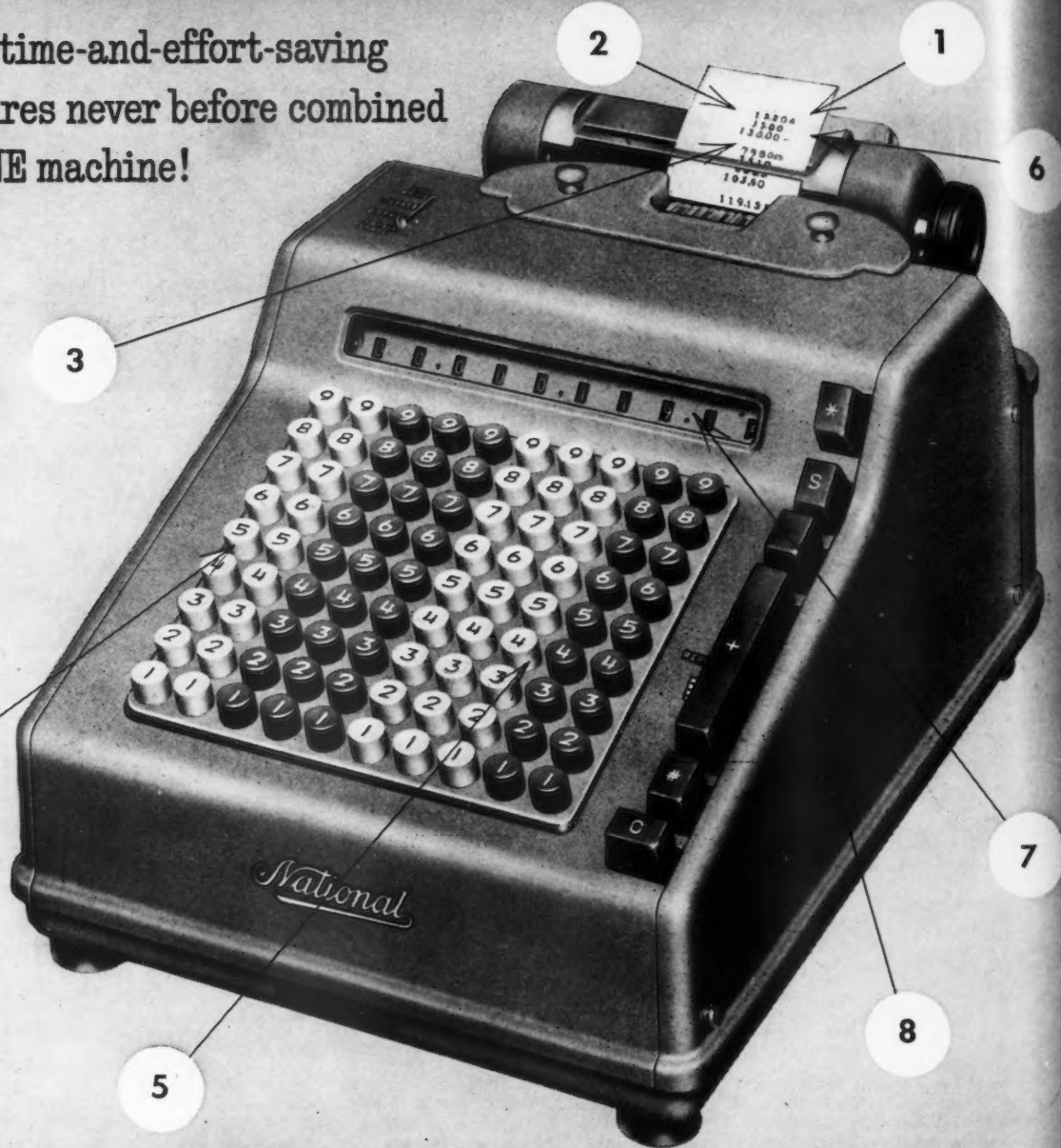
Name _____ Position _____
(Please attach to, or write on, your bank letterhead.)

B-MAR.

MANUFACTURED BY HAMMERMILL PAPER COMPANY, ERIE PA., FOUNDED 1898

The National Adding Machine

with time-and-effort-saving features never before combined on ONE machine!



CHECK THESE OUTSTANDING FEATURES...

1. Automatic clear signal. Gives automatic printed proof of whether or not the machine was clear when the operator started to use it—without any operator action.

2. Automatic space-up of tape. Spaces tape to correct tear-off position when total is printed. Saves time, effort, paper.

3. Automatic credit balance. Actual minus totals are automatically computed, and printed by a single touch of the total bar. Prints in red, with CR symbol.

4. Full, visible keyboard. All ciphers print automatically—saving time, motion, and effort! Two or more keys can be depressed simultaneously. Amounts remain visible until added.

5. Easy-touch key action. Depression of keys is practically effortless, yet sufficient to tell you when you have depressed a key.

6. Subtractions in red. Can never be mistaken for additions. Stand out prominently even after amounts have been "checked off" on the tape. Identified instantly, for everyone knows the meaning of red figures.

7. Large answer dials. Always show the accumulated total in large numerals. Permit use of machine without tape.

8. Heavy-duty construction. Compact for desk use. Portable enough to move about, yet rugged enough to carry on through long years of hard service.

● These National Adding Machine features can mean money to you . . . in time saved . . . in added accuracy . . . in more work done with less effort. Prove it in your own office, on your own work.

Call the local National Cash Register Company's office, or the dealer or distributor for National Adding Machines. Arrange for a revealing demonstration now!

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

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